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Canada Coasting Trade, Royal  
Commission on

ROYAL COMMISSION ON COASTING  
TRADE

Hearings, 1955

VOL 2  
PART - A  
NFLD

SESSIONS

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INDEX TO VOLUME II - PART A

1			
2			<u>Page</u>
3	Submission by the Government of Newfoundland		
4	by Premier Smallwood and D. C. Hunt	503	
5	MILLER, EDGAR	517	
6	CHEESEMAN, ROY	569	
7	MATHESON, RAND H.	582	
8	LEJA, DR. ERNEST	671	
9	BALLOCK, ANTHONY E.	597	
10	JOHNSON, ARTHUR	719	
11	LAWS, FREDERICK A. J.	757	
12	SMITH, DR. WARREN S.	783	
13	EATON, G. CAMPBELL	791	
14	LAKE, SPENCER GRAHAM	799	
15	CROSBIE, ALEXANDER H.	802	
16	CROSBIE, CHESLEY A.	813	

INDEX TO EXHIBITS

17			
18	<u>No.</u>	<u>Page</u>	<u>Description</u>
19	12	593	Supplementary submission of the
20			Dominion Marine Association
21	16	587	Statement showing class rates from
22			Halifax, N.S. and Saint John, N. B.
23			to Corner Brook, Nfld. and to St. John's,
24			Nfld. into effect in 1955, together with
25			Statement showing class rates from
26			Illustrative Central Canadian origins
27			to specified Newfoundland destinations
28			also percentage increases resulting
29			from application of rate increases
30			to a base year compared with levels
			of rates presently obtaining.
	17	598	Statement showing rate level comparisons.
	18	598	Statement showing history of normal all-
			rail, rail/water and all-water class
			rates.







VOLUME II - PART A

INDEX TO EXHIBITS CONT'D

<u>No.</u>	<u>Page</u>	<u>Description</u>
19	610	Agreement between Canadian National Railway Company and Furness Withy and Company Limited.
20	697	Data for Royal Commission on Coasting Trade re Corner Brook shipments of Bowater's Pulp & Paper Mills Limited.
21	720	(1) List of Newfoundland's Main Industries.
		(2) List of current members of the Newfoundland Branch of the Canadian Manufacturers Association.
		(3) Copy of the Section of the 1955 Annual Report giving the Background of Confederation and its six subsequent years as it has affected Industry and Transportation.
22	723	Documents showing methods of transportation used by manufacturers in Nfld.
23	760	Mimeographed copy of letter dated 22nd July, 1955, from M. Rowe, Markets and Economics Service, Office of the Chief Supervisor, Dominion Department of Fisheries, addressed to Mr. L. R. Brooks, Assistant Manager, Newfoundland Fish Exporters Limited, St. John's.
24	764	Shipments of 1953 production of salt codfish by N.A.F.E.L. to and through Canadian ports and New York.

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ROYAL COMMISSION ON COASTING TRADE

Report of hearing held at St. John's,  
Newfoundland, commencing Monday, July  
25th, 1955 at 2:00 p.m.

PRESENT:

THE CHAIRMAN, The Honourable Mr. Justice  
W. F. Spence.

Mr. W.N. Wickwire, Q.C.)	) Commissioners
Mr. M. Belanger, C.A. )	
Mr. D.W. Mundell, Q.C. )	) Commission Counsel
Mr. Paul Gerin-Lajoie )	
Mr. H. Kemp	- Economic Adviser to the Commission

---Mr. G.G. McLeod - Secretary

---Mr. P. Cimon - Ass't Secretary

THE CHAIRMAN: For the record, I would appreciate it if you gentlemen would give your names and the person or firm you represent so they may be noted by the Reporter. Of course, the Premier, Mr. Smallwood and the Attorney-General are present.

MR. HALLEY: James Halley, counsel for the  
Furness Withy Company.

MR. HICKMAN: P. Alexander Hickman with  
Mr. Halley as counsel for Furness Withy and also  
counsel for the Joint Councils of Burin District.







1 MR. MATHESON: Rand H. Matheson, Maritime  
2 Transport Commission.

3 MR. ROWNTREE: H. L. Rowntree for the  
4 Newfoundland Great Lakes Steamships Limited.

5 MR. GREENE: James J. Greene counsel for the  
6 Committee of Newfoundland Coastal Shipping.

7 MR. HUNT: Douglas C. Hunt, appearing for the  
8 Newfoundland Government.

9 MR. GERITY: Mr. F. Gerity, counsel for the  
10 Dominion Marine Association and on behalf of the  
11 Canadian Shipbuilding and Ship Repairing Association.

12 THE CHAIRMAN: Mr. Hunt, do you wish to  
13 present the brief for the Newfoundland Government?

14

15 SUBMISSION BY THE GOVERNMENT OF NEWFOUNDLAND

16

17 Premier Smallwood and Douglas C. Hunt appearing for  
the Government of Newfoundland.

18 MR. HUNT: My lord, firstly I would call upon  
19 the Premier, Mr. Smallwood, to make a few comments.

20 PREMIER SMALLWOOD: Mr. Commissioners first  
21 it is my very pleasant duty to bid you welcome to  
22 Newfoundland and to say on behalf of all of us that  
23 we are hoping that your stay here in this Province  
24 will be pleasant and will not consist entirely of  
25 hard work. We express the hope that after your  
26 work is done you may be able to come back here and  
27 really enjoy the new Province.

28 Since we became a Province of Canada I do  
29 not think that any enquiry has taken place that had  
30 so much importance for this island and its people







1 as the present enquiry at the present time. We are  
2 now about to look at something which touches our  
3 very lives, which is life and death to us, economic  
4 life and death.

5 The outcome of your enquiry will, I think,  
6 decide whether Newfoundland is going to be a successful  
7 province of Canada and a happy one or a province that  
8 is a miserable failure, as a province of Canada and a  
9 people who are very unhappy about being Canadians.

10 Now, in any Province in which that may be said  
11 truthfully it is a pretty serious thing to say. The  
12 success of the union of Newfoundland and Canada is  
13 at stake. The Commissioners will appreciate of course,  
14 that Newfoundland is quite recently a province of  
15 Canada. We still have the habit here formed over a  
16 period of four and one-half centuries of looking  
17 upon ourselves as a separate country. It has not  
18 yet become a habit with us to look upon ourselves  
19 as a Province of Canada. We have to remind ourselves  
20 that we are Canadians.

21 You will not find the great Ode and the  
22 national anthem sung in Newfoundland at all. We  
23 still sing our own Ode to Newfoundland. We still  
24 fly our own flag and Union Jack. We still feel very  
25 much as though we are Newfoundlanders and have to  
26 remind ourselves we are Canadians.

27 Now, that will change. It is changing slowly  
28 now, all too slowly but changing and it will come  
29 that our sons and our grandsons doubtless will  
30 feel themselves to be Canadians and to be very proud







1 of it. I would submit that the outcome of the enquiry  
2 that the Commissioners are making will have a terribly  
3 important effect on this process of our becoming  
4 loyal Canadians because all of the benefits of  
5 Confederation to us, benefits to Newfoundland, can  
6 become just ashes in our mouths if our economy is  
7 destroyed, if we cannot make a living. We do not  
8 want to live on Family Allowances and old age pensions  
9 and we cannot all become employees of the Government  
10 of Canada, the Federal Civil Service.

11 Most of us have got to work at something,  
12 fishing, farming, logging, mining, in factories,  
13 in shops and offices. Our economy is not merely  
14 to receive money from Ottawa and live on it. Our  
15 economy is to produce goods and we have to sell,  
16 and we can sell them only if the natural conditions  
17 of sale are favourable, if they are favourable.

18 Now, lately here in this Province we have  
19 taken very large sums of our public funds, over  
20 20 million dollars, which is a lot of money in  
21 this small Province, public money, and we have  
22 lent that money to various people from Europe to  
23 establish factories here and they have established  
24 those factories and virtually all of the factories  
25 are extremely new, modern and efficient and the  
26 owners of them, for the most part, are extremely  
27 able industrialists and they have brought from  
28 Europe some very capable key personnel to run  
29 these factories but, Sirs, the products of these  
30 factories have got to be sold across Canada, on







1 what we call the mainland of Canada.

2 Newfoundland with her small population cannot  
3 absorb much more than a fraction of the output of  
4 these factories and someone else must absorb them.

5 The Commissioners know it is not easy to sell  
6 industrial products in Europe or even to South America  
7 or even to Central America or to the Caribbean. We  
8 must sell these products across Canada and they must  
9 go in the main by boat, by water in the main, and the  
10 cost of transporting these goods, cement, gypsum,  
11 plaster and gypsum building board and plaster lath,  
12 birch, mahogany, veneers and plywoods, mahogany and  
13 birch and oak flooring -- these are bulky articles,  
14 fibreply, a new type of board we are producing  
15 lately, boots, shoes and textiles, the cost of  
16 transporting these goods may be such as to make  
17 the efficiency of the factories producing them and  
18 the skill of the trained personnel who manufacture  
19 them futile and useless because the sale may be  
20 killed by the cost of transportation.

21 Of course, I have mentioned only one .  
22 article, industrial products, the same thing  
23 applies to the products of our fields and fisheries  
24 and from the standpoint of our people, our consumers  
25 generally the cost of transporting goods into  
26 Newfoundland from the mainland of Canada can mean  
27 life or death to us.

28 It may mean life or death in two ways. One,  
29 the cost that is added to the cost of our production  
30 by high transportation expenses in the movement of





1 raw materials from the mainland into Newfoundland  
2 that are going into these factories or going into the  
3 fisheries or going into logging industry or going into  
4 the mining industry.

5 Up to ten or twelve years ago this was one  
6 part of the world in which you could say that virtually  
7 everything we consume was brought into Newfoundland.  
8 That statement was so true until recently that you could  
9 look over this very courtroom and say that virtually  
10 nothing in it was not imported. The very desk at  
11 which the Commissioners are sitting is made of wood  
12 and that was imported. Maybe the desk or the bench  
13 was fabricated here but the wood was certainly  
14 imported. This desk, everything here, the light  
15 fixtures, the plaster, everything in this room, in  
16 this building has been imported. Virtually every-  
17 thing we consume, food, clothing, shelter, all goods  
18 and furthermore, we export virtually everything we  
19 produce.

20 Our economy has always been an external  
21 economy, external to our own economy of our own  
22 shores and still is, if you can regard the rest of  
23 Canada and Newfoundland as being an import-export  
24 situation.

25 It is not so much so as it used to be. I  
26 have just pointed out the fact that we are expanding  
27 our economy. We are trying to build up some factories  
28 and develop the fisheries and mining and forests and  
29 other aspects of our economy. As we do, as we  
30 develop these, then the cost of goods produced in







1 these industries, shipped out and the cost of bringing  
2 in our raw materials -- we must import some of our  
3 raw materials as Ontario does and as does Quebec.  
4 Every manufacturing province must import some raw  
5 material. Canada is not self-supporting as a whole  
6 in basic raw materials, all of the basic raw materials  
7 needed for any economy, and we are not either. The  
8 cost of these becomes a matter of life and death.

9 Now, Mr. Chairman and Commissioners, it is  
10 fairly well known that I had something to do with  
11 helping to make up our minds here in Newfoundland as  
12 to whether we would become Canadians or not. I did  
13 whatever I was able to do to persuade the majority  
14 of the people of Newfoundland that we should throw  
15 in our lot with Canada. We are a very old people,  
16 a very old island, a very old country, the oldest  
17 part of the Western Hemisphere, the cornerstone of  
18 the British Empire -- the cornerstone, the first of  
19 Britain's overseas possessions, Britain's most ancient  
20 and loyal colony. It was quite a job to persuade the  
21 majority of the stiff-necked proud Newfoundlanders,  
22 so intensely proud of their own nationality, to  
23 abandon it and become Canadians. It was quite a job.

24 Rather than see these same Newfoundlanders  
25 damaged, injured in their economy, which means in  
26 their stomachs, in their pockets, I am sure that I  
27 would be joined by a great many in this Province of  
28 Canada in an effort to prevent it. Now, what that  
29 effort would be is a little difficult to say at the  
30 moment. This is one effort here. One effort is







1 attempted and another effort is attempted and various  
2 efforts are attempted but the life of the people of  
3 Newfoundland is worth any effort including -- if it is  
4 necessary, and if it is the only way to do it --  
5 including disaffiliation, a reversal of our decision  
6 six years ago.

7 This I cannot emphasize too much. This is life  
8 and death for Newfoundland. The right to free trade in  
9 shipping, free trade we have had for 450 years, in fact  
10 for 456 years. Ever since Confederation the right  
11 free to hire, to charter, to buy, to bring in, to use  
12 such shipping as we felt like. We have the whole  
13 world to call on. We used to have that right with  
14 regard to any kind of goods including ships. We could  
15 bring in our suits, our clothing, our food, our leather,  
16 everything we use in Newfoundland, and we used to  
17 bring that in from any point of the compass.

18 Since Confederation that has ceased to be the  
19 case because we now necessarily deal with the rest of  
20 Canada and we do so quite gladly. We will not do so  
21 gladly when it comes to ships. That is one thing  
22 which must continue to be free in Newfoundland.  
23 We must be able to move in free ships. We must be  
24 able -- when I say "must", Mr. Chairman and Commissioners,  
25 you will understand what I mean -- for our imports  
26 for survival, if we as a people are to continue to  
27 benefit. We do not all just want to move out of  
28 Newfoundland and go to live in Ontario or Quebec. That  
29 is a prospect not too bad perhaps to contemplate but  
30 that is not why we became a Province of Canada.





1 We must have ships which are free.

2 Now, Mr. Chairman, you will perhaps misunder-  
3 stand me in the tone and spirit I have adopted this  
4 afternoon. I would not want that to happen for worlds but  
5 we are Canadians. We are proud to be part of Canada.  
6 We respect Canadian authority; we give a warm welcome  
7 to every Canadian from the mainland that comes here.  
8 We are not resisting being Canadians. We are only  
9 saying that our right to live and our right to flourish  
10 and our right to prosper must not be abridged by the  
11 fact that we have become Canadians or by the fact  
12 that Newfoundland has become a Province of Canada.

13 The matter is of such vital importance to all  
14 of us here in Newfoundland that in common sense I  
15 must submit to you, Mr. Chairman and Commissioners,  
16 very plainly our conviction that you have in your  
17 hands the decision as to whether Newfoundland is  
18 going to succeed, is going to prosper or is going to  
19 suffer, suffer irreparably in her economy.

20 Now, my colleague, The Honourable Phillip J.  
21 Lewis, a Member of my Cabinet has prepared Newfoundland's  
22 case for presentation in some detail to the Commission.  
23 Unfortunately Mr. Lewis has been taken ill and has had  
24 to go to hospital and is in hospital at the moment.  
25 His assistant is Mr. Hunt who represents us now here  
26 in court today and I have great pleasure indeed in  
27 introducing Mr. Hunt, who will represent the Government  
28 of Newfoundland.

29 THE CHAIRMAN: Premier Smallwood has very, very  
30 properly stressed what I think is the view of my fellow







1 Commissioners and myself. We can all assure him we  
2 have regarded this as a very serious task. He need  
3 not fear that any forcefulness of presentation in any  
4 way could offend us. As you are aware we are interested  
5 only in finding facts and making recommendations. I  
6 must point out that our sole jurisdiction is to make  
7 representations or recommendations and of course, in  
8 a democratic government, it is the parliament which  
9 will form the Government's policy.

10 That representation was made forcefully and  
11 emphatically and I know Mr. Hunt will support it by  
12 data which is very much in your favour.

13 MR. HUNT: Mr. Chairman, I would like to first  
14 express my regret that the Honourable Phillip J. Lewis  
15 is not here to present the case for Newfoundland.  
16 His experience in these matters, I am sure, would  
17 have been of considerable assistance to you. However,  
18 he is progressing well and we feel certain he will  
19 be able to appear before the Commission for final  
20 argument and at the intermediary hearings.

21 THE CHAIRMAN: We all met Mr. Lewis in Ottawa  
22 and I would ask you on behalf of my fellow  
23 Commissioners and myself to convey to him our  
24 sympathy and our hopes for his rapid recovery.

25 MR. HUNT: I will do that, sir.

26 The brief which he prepared is very comprehensive  
27 and it is self-explanatory and it needs little comment  
28 from me at this stage. I would however like to  
29 reiterate the basic points which make this matter,  
30 as I understand it, of such very great importance to







1 Newfoundland, and to give the reasons why Newfoundland  
2 must oppose anything that would tend to increase freight  
3 rates. Firstly, Newfoundland is an island and dependent  
4 solely on water transportation for shipment of goods  
5 and secondly, Newfoundland must import the great  
6 majority of its consumer goods and export the majority  
7 of its produce. We produce very little here for our  
8 own needs.

9 Prior to Confederation, as the Premier pointed  
10 out, Newfoundland bought from the world markets. The  
11 imports that came in came on ships of all nationalities.  
12 Confederation had the practical effect of restricting  
13 our purchasing to the mainland. Most of our purchases  
14 were diverted to Ontario and Quebec and at the same  
15 time Confederation imposed a restriction on us to  
16 vessels of Canadian and Commonwealth register.

17 The terms of union did provide that Newfoundland  
18 would have the benefit of an all-rail rate through  
19 North Sydney and Port aux Basques. This privilege  
20 which resulted from Confederation could not be  
21 handled by the facilities available. The freight  
22 level, expressage and parcel post increased over  
23 100 per cent. Shortly after Confederation it was  
24 necessary to obtain other methods. Naturally this  
25 was water movement from the St. Lawrence in the  
26 navigation season and from the Atlantic Seaboard in  
27 winter.

28 The Canadian National Railway and the Canadian  
29 Pacific Railway entered into an agreement with the  
30





1 various carriers who were at that time interested in  
2 Newfoundland trade. This agreement was to their  
3 mutual benefit but it deprived Newfoundland of its  
4 right to water competitive freight rates. Newfoundland  
5 does not have access to the present agreement, if one  
6 exists. We submit the evidence will clearly show to  
7 this Commission there is one in existence. The freight  
8 rates which are charged will show all this.

9         The evidence we will bring will show the effect  
10 on Newfoundland of the horizontal increases granted from  
11 time to time. Since Confederation these horizontal  
12 increases of the all-rail rate of necessity have had  
13 the greatest possible impact on Newfoundland, which is  
14 at the end of the C. N. R. line. This is pronounced  
15 by the absence of truck competition which on the  
16 mainland has reduced rail rates and the horizontal  
17 increases have not been imposed.

18         The evidence will show the increase of all-rail  
19 rates over the years and their effect on the conference  
20 lines which have also tied their rates very close to  
21 the rail rate and in fact the effect on all shipping  
22 companies operating.

23         It will be apparent from the evidence, and some  
24 of the evidence is now before you in the form of  
25 exhibits, that companies using British registry vessels  
26 have been instrumental in reducing the cost of goods to  
27 Newfoundland by the water competitive rate instituted  
28 in 1953 and the consequent shipping which has been done.

29         At the same time, as mentioned by the Premier,  
30 Newfoundland has, with the exception of some bulk items,







1 not supplied goods to the mainland. Our economy is  
2 based on the need to ship our produce to their  
3 traditional markets, ship our salt fish products to  
4 Europe, South America, in fact, all over the world.

5 It is necessary, as the witnesses will show,  
6 that in order to continue this trade we must rely on  
7 the Furness Withy Company Limited. They are essential  
8 to our fishing industry and without them we cannot  
9 export. Any alteration in this trade would have a  
10 drastic and tremendous effect on our economy. While  
11 our paper industry and mining industry may have a  
12 larger dollar value than in fishing, the number of  
13 people involved in fishing in Newfoundland vastly  
14 outnumbers the other industries.

15 This service is also important to us as a means  
16 of passenger transport. We have heard that the  
17 Canadian National passenger facilities are crowded.  
18 Sleepers are difficult to get and occasionally when  
19 air transport is disrupted we are almost dependent  
20 on Furness Withy for travel from the island. Any  
21 change would add considerable confusion to the situation  
22 as it now exists.

23 Evidence will be introduced to show that the  
24 Newfoundland economy is dependent on the competitive  
25 rates presently in force because of the presence of  
26 British ships between Newfoundland and the Great Lakes.  
27 If they are taken away it will result in higher costs to  
28 the Newfoundland consumer and will also result in delays  
29 experienced presently on goods through North Sydney and  
30 Port aux Basques.





1 It will mean that the industrial growth of  
2 Newfoundland will be affected.

3 Newfoundland as mentioned before, does not  
4 export much to the mainland. If we are to grow, it is  
5 the only market which we can hope to develop.

6 From the evidence which will come before you  
7 we are sure that you will find that Newfoundland by  
8 reason of an increase in consumption of Canadian goods  
9 is supporting the overall Canadian economy to the  
10 fullest possible extent. As the cost coming here is  
11 so high and our gross national income so low, it will  
12 be apparent that any increase in the cost of shipping  
13 will have the net result of decreasing Newfoundland's  
14 purchases from the mainland and the overall effect to  
15 the Canadian economy will be nil, which means that it  
16 could have an adverse result by reason of the reduction  
17 in our gross national income, resulting in the closing  
18 down of our industries. Such change obviously would  
19 do the mainland no good and would seriously affect  
20 our economy.

21 The evidence, gentlemen, will be broken into  
22 four portions, trade and commerce, covering mostly  
23 importation of goods, consumer goods to Newfoundland;  
24 transportation, the difficulties we have in obtaining  
25 shipments of goods and the effect that a change would  
26 have on our industries, and the effect on shipping  
27 interests.

28 Mr. Edgar Miller, Vice-President of the Maritime  
29 Transportation Commission for Newfoundland will give  
30 general evidence on the trade and import question. We







1 will also have available Mr. Roy Cheeseman and Mr.  
2 Jay Parker will be representing the retail and  
3 wholesale divisions of the Board.

4 For transportation, covering the technical  
5 aspects of it and explaining the changes in the  
6 freight rates over the years, Mr. Rand Matheson,  
7 Executive Manager of the Maritimes Transport  
8 Commission, will give evidence. He will be supported  
9 by Mr. Arthur Johnson, representing the Newfoundland  
10 division of the Canadian Manufacturers' Association,  
11 who will give the more practical difficulties  
12 encountered.

13 Our industries will be represented, such as  
14 the salt cod fish, by a manufacturer of Newfoundland  
15 by F. A. J. Laws, and the fresh and frozen fish  
16 products by G. C. Eaton and Mr. Eric Harvey will deal  
17 with the Newfoundland economy and any change in the  
18 practical situation.

19 Mr. Balloch of Bowater's will be here to give  
20 evidence as to the effect it may have on our pulp and  
21 paper industry. Dr. Warren Smith and Mr. E. Leja  
22 will give evidence on the effect in the mining  
23 industry. Unfortunately Mr. Parker cannot possibly  
24 attend the hearing here and possibly with your  
25 permission, Mr. Chairman, he may be able to attend  
26 at Montreal, if it is deemed his evidence is necessary.

27 Two steamship lines have submitted their own  
28 briefs, the Newfoundland Great Lakes Steamship Company  
29 Limited and the Furness Withy Company. They will  
30 be giving their evidence independently. We may have





1 available a representative of Constantine, Mr. A. H.  
2 Crosbie and we may also have a representative, Dr.  
3 James Steinhauer who will give the effect that it  
4 would have on our importation of coal.

5 I would just first call with your permission  
6 Mr. Edgar Miller.

7 EDGAR MILLER, called

8  
9 BY MR. HUNT:

10 Q. Your name please?

11 A. My name is Edgar Miller.

12 Q. Your position, Mr. Miller?

13 A. I am Director of several local companies.

14 I am Chairman of the Newfoundland Board of Trade  
15 Transportation Commission. I have been associated  
16 with the Board of Trade for quite a few years  
17 particularly during the war years and since  
18 Confederation and Vice-Chairman of the Maritime  
19 Transportation Commission.

20 Q. Have you during your business career  
21 been associated with shipping?

22 A. Not directly. Our company did some years  
23 ago operate a steamship but a business such as ours,  
24 which is a firm with a number of branches, indirectly  
25 shipping has been of very considerable importance to  
26 us.

27 Q. Can you give the Commission a brief  
28 review of the average wholesale businessman's or the  
29 average businessman's problem in Newfoundland as  
30 regards transportation?







1           A.       I do not think there is any province of  
2 Canada that suffers from as many problems from the  
3 standpoint of distribution as Newfoundland does. I  
4 am quite sure that everybody is aware of the fact  
5 that we are a large island and our population today  
6 is approximately 400,000 people. We have practically  
7 70,000 of these people here in St. John's but the  
8 remainder are scattered over some 6,000 miles of  
9 broken coastline. We have some 1300 communities.  
10 I mean we know that Alberta has another 1200 broken  
11 miles of coastline. Roads, we have some which have  
12 been developed but they are hopelessly inadequate.

13           The railway line travels in more or less this  
14 way -- of course, a half circle across the island,  
15 but it only touches a very small proportion of our  
16 population. It does, of course, provide a service  
17 to Grand Falls where we have a large paper industry.  
18 It does provide a service to Corner Brook where we  
19 have another paper industry but by and large the bulk  
20 of our people are on the coastline which can only  
21 be served by water transportation. That type of  
22 transportation is comprised mostly of steamers  
23 operated by the Canadian National Railways and  
24 secondly by our local, which we call, schooner fleet.

25           Another problem I think Newfoundland has is  
26 its remoteness from sources of supply. Being an  
27 island, it is not like the two central Provinces  
28 who are considerably removed from Newfoundland.

29           Because of the problem of shipping services  
30 particularly in the winter months, when we are





1 dependent entirely upon the railway or the railway in  
2 the main, the wholesale houses -- I think I can also  
3 say the retailers, are compelled to carry inventories  
4 far in excess of what our counterparts do on the main-  
5 land. These inventories require unusually large  
6 warehousing conditions and as I say what is true of  
7 the wholesaler I think in the main is equally true  
8 of the retailer.

9 Q. What is your time for delivery for goods  
10 say from Ontario in the summer?

11 A. By water, we have two steamship lines  
12 which provide service from Toronto to St. John's. I  
13 would say approximately a ten-day service. The ships  
14 come, I believe, sail every week from the time they  
15 arrive in Toronto or the other ports of origin to  
16 give this service, but the deliveries by the Canadian  
17 National Railways are very considerably longer.

18 Q. Can you give an approximate time?

19 A. They average -- sometimes they can be  
20 quite good -- maybe three weeks. Our deliveries by  
21 Canadian National Railway facilities are more often  
22 four weeks or five weeks and L. C. L. shipments  
23 may be even longer.

24 MR. MUNDELL: Q. What does L. C. L. mean?

25 A. Less than carload lots.

26 MR. HUNT: Q. Can you just give briefly the  
27 distance between the C. N. R. and water freight?

28 A. As to time and delivery?

29 Q. From the time of delivery?

30 A. I can too, if I may, state from Montreal







1 the steamship companies there are about four and a  
2 half or five days service. From Montreal by rail I  
3 would say, again there might be the odd exception,  
4 but we could have deliveries in two weeks. We have  
5 had a three or four week situation.

6 Another most important point is this. I am  
7 speaking now for our own firm. I believe our conditions  
8 are not too very different from other firms. We  
9 would never ship anything by rail if we had the  
10 facilities to ship by water for a very good reason.  
11 Anything that is moved by rail through the Ports of  
12 North Sydney and Port aux Basques must be loaded on  
13 rail cars at Montreal or West Montreal, brought to  
14 North Sydney, and unloaded there which is largely  
15 from rail cars into sheds, from a shed into a boat,  
16 and the boat to Port aux Basques, out of the boat at  
17 Port aux Basques and into another rail car, maybe  
18 into a shed and, if necessary, into a rail car,  
19 taken away up to the north coast or wherever the  
20 point is specified. We are inclined, I think today  
21 in the main to have goods that originate in Canada  
22 boxed in containers that were not designed for shipping  
23 on the mainland in Canada. By the time the new  
24 merchandise leaves the railways it is not in new  
25 condition and we just don't want to have any part of  
26 it.

27 Q. If you had your choice you would prefer  
28 the direct water route?

29 A. We certainly would. It is the only  
30 logical way.





Q. You are familiar generally speaking

with the Atlantic phase. Are you familiar with that?

A. Yes. Furness Withy operate a service from Liverpool to St. John's through Halifax and Boston. We still buy certain merchandise, not only in the United Kingdom but also in Europe. They have the only service, to the best of my knowledge, we have from the other side. The fact that Furness Withy maintain a regular scheduled service between Liverpool and this port is, I would say, of immeasurable benefit. Again they provide us with water service from Boston to St. John's. I think it is a well known fact that the rates of Furness Withy, boats from Liverpool as compared to any rates on this side of the water are very much lower.

Q. How about the passenger service?

A. They operate a very efficient passenger service from Liverpool, and of course, we can travel to Halifax and Boston by these ships. They have very fine accommodation.

THE CHAIRMAN: Q. Mr. Miller, you are dropping your voice. I have very considerable difficulty hearing the end of your sentence. Please speak up.

MR. HUNT: Q. Is there any difference in the rail distance and water distance?

A. Yes, some figures I have access to rather surprised me as a matter of fact. The distance from Montreal to St. John's by rail through the ports of North Sydney and Port aux Basques, that distance is 1,559 miles. I understand the distance from







1 Montreal to St. John's by water is 1,021 miles.

2 From Halifax to St. John's by rail it is 933 miles,  
3 by water it is 525 miles. The distance from  
4 Liverpool to St. John's it is 1,900 miles.

5 Q. What would be the effect to the average  
6 businessman if there was any change in the present  
7 system of water transportation and the use of  
8 British ships?

9 A. May I ask a little clarification there?  
10 Do you mean the elimination of all water services or  
11 the elimination of British ships?

12 Q. The elimination of British ships from  
13 the coastal trade of Canada, the elimination of the  
14 Furness Withy ships at St. John's and Halifax and  
15 the elimination of British ships going into the  
16 Great Lakes?

17 A. Well, let me deal with two phases first.  
18 There is another important water service which may  
19 be affected, and that is the Furness Red Cross  
20 which operates from New York to Halifax and St.  
21 John's. That is another very, very important line  
22 of Furness Red Cross. New York is the natural  
23 clearing point for most of the goods we purchase  
24 in the United States. Now, the effect of an  
25 alteration in that business would be quite serious.  
26 Now, you asked me what the effect will be if  
27 British ships were not permitted to take part in  
28 the inter-coastal trade. I would say very considerable.  
29 I would say it would be disastrous.

30 With all due respect to St. John's I would





1 suggest that Halifax may be of more importance to  
2 us than St. John's. Therefore I would assume that if  
3 any ships were debarred from calling at two ports,  
4 namely St. John's Newfoundland and Halifax Nova Scotia,  
5 the goods we purchased in the United Kingdom and  
6 England would in all probability be carried on to  
7 Halifax and then reshipped back from Halifax to St.  
8 John's.

9 I presume goods which originated in the United  
10 States may be carried as far as Halifax and then  
11 trans-shipped from there. That would be an incon-  
12 venience to a great many of us and that is another  
13 complaint to all these handling operations at branches  
14 and lines in order to keep the business. On occasions  
15 where we have brought in a piece of important  
16 machinery, some of the parts belonging to the  
17 important equipment have been mislaid. We might just  
18 as well have left that piece of important equipment  
19 back in Ontario. It has happened to us on a number  
20 of occasions. Small parts may be lost or mixed up  
21 with the handling it is subjected to.

22 Q. How about taking away the British  
23 vessels from the Great Lakes to St. John's? Would  
24 that indicate any probable reaction or result?

25 A. Those British ships operated by two  
26 companies provide Newfoundland with certainly the  
27 finest water service available which makes it  
28 possible for us to buy, as we do, a large percentage  
29 of our requirements in the Great Lakes area. You  
30 have it trans-shipped at either St. John's or at







Corner Brook, as the case may be. They might have

them trans-shipped ---

Q. Do you know the names of those services?

A. There are two companies.

Q. Do you know what their names are?

A. Newfoundland Great Lakes and Constantine.

Q. Are there any other companies that go from Montreal, west of Montreal?

A. To the best of my knowledge there are no other companies that operate west of Montreal.

Q. Have you any indication from your record as a member of the Board of Trade as to the trend or swing in purchasing by Newfoundland prior to Confederation or actually prior to the war and after Confederation?

A. There has been a tremendous change in our buying habits. Firstly the trade in Newfoundland, one of the greatest disadvantages of Confederation was the right that Newfoundland had to buy in the world's cheapest markets, as we definitely did. We bought our tea and so on -- we did not buy it from Canada. We bought sugar in Cuba. I just use those two as illustrations. There has been a tremendous change. We have had to find new markets in Canada where in the past we had in the United Kingdom or Europe or the United States, which we generally did.

I was looking at some figures---

Q. Where did you obtain them?

A. I got these from the Newfoundland Customs Report which they call the Blue Book. I went back for





1 a few years for a very good reason. Our union with  
2 Canada took place on April 1st, 1949. At that time  
3 world conditions were still abnormal as a result of the  
4 war. During the war years Newfoundland had by agree-  
5 ment between the United States and Canada procured all  
6 its requirements from these two countries. It  
7 happens I speak with some knowledge on this because  
8 I was living in New York with the manufacturers agency  
9 during that period while I felt a thorough representation  
10 was to compare our trade with Canada and with other  
11 countries for the fiscal year 1938-1939. By the fiscal  
12 year I mean from April 1st, 1938 to March 31st 1939, and  
13 I worked out from the figures that our imports from  
14 all Canada, all the imports from Canada was 36 per cent,  
15 the United States 32 per cent, the United Kingdom  
16 29 per cent, and all other countries 8 per cent.

17 Q. Are there any figures available for  
18 provincial purchases?

19 A. I am afraid not. There was no figure --  
20 I did not see any records kept of inter-provincial  
21 trade. Our purchases today, I would say, must be  
22 more than 90 per cent of Canadian origin.

23 Q. What was your business in relation to  
24 that?

25 A. I would say approximately the same  
26 figures for that part.

27 Q. What would you say as to the figure of  
28 over 90 per cent for all imports now?

29 A. This might be a pretty fair figure.

30 Q. You say there are no statistics





available that you know of ---

1           A.       No. I did consider another very  
2       important aspect of our purchases from the world's  
3       cheapest markets or the cheap water transportation  
4       which we enjoyed because the ships of all countries,  
5       of course, have the right to trade in Newfoundland  
6       and we had a regular steamship service, I believe,  
7       from Liverpool and the Furness Red Cross, of course,  
8       operated a very extensive water service from New York  
9       to Corner Brook.

10          Q.       You have touched briefly on some of the  
11       questions that come up, Mr. Miller. In view of our  
12       problems what do you know about the facilities at  
13       North Sydney and Port aux Basques and their  
14       adequacy?

15          A.       While I am not attempting to condemn  
16       the Canadian National Railway, I hope if they are  
17       represented here that they will forgive me. I am  
18       trying to describe something of the unusual conditions  
19       and peculiarities of this Province. I have already  
20       described before your Commission some of the  
21       remoteness of some of our small communities and the  
22       problems of distribution we have within the island.

23               We have an unusual winter condition here which  
24       makes this condition that more trying for us and  
25       for the people who have private distribution  
26       facilities. In a large section of this island,  
27       excluding the ports of St. John's, the south coast  
28       and the railway line are closed to navigation --  
29       once upon a time it used to be as early as December,  
30







1 and we may say now sometime in December, and only  
2 it may be the last couple of years until late in May.  
3 This throws a tremendous burden upon any transportation  
4 company. Consequently we hit two peaks. We hit a  
5 peak in the fall because the people living in this  
6 section of the island are compelled to buy before  
7 December, before the close of navigation, all the food,  
8 clothing they use, including coal and everything else.  
9 They are forced to buy all these to keep them until  
10 June 1st of the next year. They have no shipping in  
11 December so they buy in July the equivalent of almost  
12 six months' requirements. Then when Spring comes we  
13 again have our second peak.

14 These two conditions must of necessity throw  
15 a tremendous burden on any transportation company  
16 whether it be the Canadian National Railway or  
17 anyone else.

18 Some figures I have here show the increase  
19 in traffic which the Canadian National Railway have  
20 had to carry since they took over the Newfoundland  
21 Railway. The total tonnage through North Sydney and  
22 the Port aux Basques in 1948 was 65,700 tons. In  
23 1954 this figure was practically doubled, it was  
24 123,698 tons.

25 During that same period the railway also had  
26 to handle nearly 10,000 tons of express. Also I  
27 would suggest to you they had a great many hundred  
28 tons of mail for which they also provided facilities.

29 I have discovered the railway was not able to  
30 keep up with all the traffic which I presume was offered





1 to them because during 1954, in order to take the  
2 burden off the railroad line, which is a single track,  
3 narrow gauged road -- I make no apology for that narrow  
4 gauge single track railway. I still think it is a  
5 very efficient railway. During that same period  
6 they diverted to the Associated Steamship Lines nearly  
7 40,000 tons of freight destined to points between  
8 St. John's and Miller Town Junction for a very good  
9 reason. It is easier for them to handle it through  
10 St. John's than through North Sydney or the Port aux  
11 Basques.

12 While no actual figures are available I think  
13 reasonably that 52,250 tons of additional freight  
14 delivered to St. John's was passed over to the  
15 Associated Steamship Lines.

16 Therefore I am suggesting even though the  
17 tonnage handled by the railway was more than double  
18 what it was in 1948 there was some period one had to  
19 pass 50,000 tons to these steamship companies.

20 Q. How about the pile-ups at North Sydney?

21 A. For the reasons I have stated the demands  
22 brought about by that winter condition and that spring  
23 condition it is inevitable you must have a bottle-neck  
24 at North Sydney. I believe we must admit that the  
25 Canadian National had carloads of traffic of freight  
26 destined to Newfoundland which was backed up all the  
27 way from North Sydney to Toronto.

28 MR. HUNT: I presume -- would your lordship  
29 rule as to hearsay. This I am introducing is hearsay.

30 THE CHAIRMAN: Well, this being a Commission







1 hearsay evidence is admissible but it is a matter of  
2 weight. For that reason quite naturally Mr. Miller  
3 was giving the same evidence which so many of these  
4 witnesses are giving which is not factual evidence  
5 which one would accept under oath but is (a) hearsay  
6 and (b) judgment. So there was not much purpose in  
7 swearing the witnesses and therefore, we have carried  
8 on in this fashion. I think we can proceed realizing  
9 that that evidence is hearsay. It is of necessity of  
10 less weight than actual knowledge.

11 THE WITNESS: If you wish I will phrase my  
12 answer with a wee bit of detail. During the months  
13 of late September, October, and early December the  
14 trade here -- and I speak for the retail trade as  
15 well as the wholesale trade. We are concerned about  
16 the impossible situation that existed at North Sydney  
17 with respect to delivery of goods. There was some  
18 feeling on the part of the trade in Newfoundland that  
19 they would not be able to actually deliver to inter-  
20 mediate places before the close of navigation.

21 Q. Were facilities available at that time  
22 for shipment by way of The Great Lakes?

23 A. I would say no because at that  
24 particular time these steamers continued in trade  
25 between the Great Lakes and Montreal and Halifax and  
26 to this particular area had more cargo than they  
27 could carry.

28 Q. Did any carload not get out of the out  
29 ports?

30 A. I am glad to say the cargo was delivered.





1 Possibly we ought to be glad that last winter was an  
2 exceptionally mild winter.

3 Q. From your last answer there is, I  
4 understand, a considerable volume delivered to the  
5 out ports as you have already mentioned and I  
6 understand considerable stockpiling in St. John's and  
7 other warehouses or business centres?

8 A. That was true. There were many benefits.  
9 I have mentioned some of them but the result from the  
10 standpoint of cost may have to be by water and not  
11 trans-shipped, and there is also the advantage of  
12 cheaper freights. It is not an unusual practice  
13 particularly in this part and in other places in  
14 Newfoundland to stockpile before the close of navigation  
15 knowing of the delays.

16 If I may use an example which I know very well.  
17 We are large distributors of feed, dairy and poultry.  
18 These are of vital importance both to the dairy and  
19 poultry farmer. Our source of origin is in Montreal.  
20 During the months that Montreal is open to navigation  
21 we estimate not more than ten days for delivery.  
22 During the winter months when we have to move from  
23 Montreal to Halifax and to St. John's, we must estimate  
24 anywhere from three to four weeks and it can conceivably  
25 be longer. Therefore there is a natural tendency on  
26 our part to stockpile before the close of navigation  
27 because we have a certain definite obligation with  
28 these farmers to provide them with dairy or poultry  
29 feed.

30 Q. Is there any domestic production of feeds?





1           A.       We grow no grain. I think that is  
2 correct. We grow very little hay in this Province.  
3 One of the big causes, I would say of the bottle-neck  
4 in North Sydney in the fall is the tremendous require-  
5 ment of hay that is needed not only for our farmers  
6 but for our two paper industries where they use horses  
7 as a means of transportation during the winter months.  
8 In fairness to the railway I would say that the  
9 steamship companies are not too anxious to handle  
10 hay so they leave it for the railways naturally. That  
11 is another one of the rather difficult problems in  
12 transportation particularly that the railway faces  
13 for those four months.

14           Q.       Do you know the volume of freight  
15 moved from the Great Lakes directly by British bottoms  
16 as opposed to the rail or---

17           A.       If I may, I can refer to---

18           Q.       I have got the brief.

19           A.       That is shown on the appendix. The  
20 Constantine Line moved something over 20,000 tons  
21 last year and the Newfoundland Great Lakes moved  
22 47,000 tons.

23           Q.       Those figures you obtained from the  
24 brief itself. You have no personal knowledge of that?

25           A.       Exhibit 2, the appendix.

26           Q.       That is the Newfoundland Great Lakes?

27           A.       Yes.

28           Q.       From your experience in business have  
29 you any knowledge of the Conference Line and their  
30 rates, Mr. Miller?







1 A. That is what rates they are actually  
2 charging?

3 Q. Yes, not the exact rates possibly. Have  
4 you any knowledge of the history of them, if they have  
5 a competitive water-rail rate with the C. N. R.; if so  
6 when was it introduced?

7 A. Prior to Confederation<sup>the</sup> Newfoundland  
8 Railway operated a service from North Sydney to all  
9 points on the Newfoundland rail system. These rates,  
10 I believe, were largely made up by the Newfoundland  
11 Railway. The rate from North Sydney to St. John's  
12 however was equal to the rate from the Maritimes to  
13 St. John's.

14 The Newfoundland Railway was quite justified  
15 in charging that rate because it did not expect to  
16 receive the traffic originating in the Great Lakes  
17 or in Montreal.

18 After Confederation on the terms of union, of  
19 course, the promise was rates comparable to those in  
20 all the other Maritime Provinces.

21 The Newfoundland Freight Rates Case is now a  
22 matter of history but Newfoundland did prove that  
23 we have not received rates comparable to those  
24 enjoyed in the Maritime Provinces. When that condition  
25 was finally cleared there was a substantial reduction  
26 in the rates and it is my belief, apart from the  
27 two steamship companies operating out of the Great  
28 Lakes that the pattern of rates followed by those  
29 other privately owned steamship companies has been in  
30 the main identical with the pattern of rates that was





eventually set for Newfoundland.

Q. Those steamship lines have been roughly comparable with the rates eventually set by the C. N. R.?

A. Those steamship lines other than the two companies operating in the Great Lakes.

Q. Those steamship lines, other than the Great Lakes ones, where do they ship from?

A. From Montreal, from Halifax and in a few cases from St. John New Brunswick.

Q. From Montreal, in any particular period?

A. During the opening of navigation. These ships presently operate when the Port of Montreal is open and usually divert to Halifax and to St. John's during the winter months.

Q. Do you, as a businessman, purchase goods from a point west of Montreal and request that they be moved through one of these lines operating from Montreal? What sort of bill of lading do you receive?

A. I understand it is supposed to originate west of Montreal and the Canadian National Railway bill of lading.

Q. Do you have the right, if you so desire, <sup>to designate</sup> "To Newfoundland" by a steamship company from the Port of Montreal? Would you get a better rate than the all-rail rate on that shipment? A. They presently have in effect, which <sup>was</sup> introduced last year what is known as the water competitive rate.

Q. Is that last year, or 1953?

A. I think it was 1954.

Q. Prior to the water competitive rate,







1        what rate did you pay?

2                A.        We paid what is known as the normal  
3        all-rail rate.

4                Q.        You would have ordered goods for the  
5                                if  
6        Steamship Line from Montreal, ^ they had originated  
7        west of Montreal. You ordered it for the Steamship  
8        Line through Montreal?

9                A.        That is the only way that you could  
10        get the water competitive rate unless you naturally  
11        specified shipment by Newfoundland Great Lakes or by  
12        Constantine, but the charges that are presently used  
13        is the water competitive rates.

14                Q.        You say up till 1954 there was no  
15        water competitive rate. You paid the all-rail rate  
16        to the Steamship Line?

17                A.        No, that is not correct. The Newfoundland  
18        Great Lakes and the Constantine always quoted rates  
19        less than the all-rail rate. My feeling is this that  
20        any shipper who had quoted or ordered any traffic al-  
21        ways had the right to discuss or to secure what he  
22        felt might be the competitive rate from these two  
23        companies. These lower rates or less than all-rail  
24        rate have been in effect since these two companies,  
25        operating British steamers, have been providing the  
26        Great Lakes service to St. John's and Corner Brook.

27                If I may, I will clarify this. In the spring  
28        of 1954 the Canadian National Railway announced and  
29        released the water competitive rate which, I presume,  
30        was intended to provide competition or competitive  
31        rates with the rates established by the Newfoundland





Great Lakes and the Constantine operating from the Great Lakes.

Q. Do you remember if that was 1954?

A. That is right.

Q. Prior to that if you ordered goods by rail would they necessarily go through Sydney and Port aux Basques?

A. Not necessarily. The Railway always reserved the right to arrange whatever diversions they wished or they could divert them either to the Port of Halifax or the Port of St. John New Brunswick.

Q. Or Montreal in some cases?

A. I am not too sure of that. The point I would like to make is that actually Newfoundland did enjoy three sets of rates, that is during the summer season when the Port of Montreal was open to navigation. We had one set of rates which we received from The Newfoundland Great Lakes and Constantine. I do not know whether they are identical. It may be so or it may not be. We have another set of rates from the Canadian National Railway that are water competitive rates. We have another set of rates that are all-rail rates.

The water competitive rate is only applicable to traffic destined to Corner Brook or to St. John's. Traffic destined to any other port in the island is on the all-rail rate structure, which is the third rate we have.

The other thing is that the water competitive rate is in existence only when transportation from





1 Montreal is possible and when the transportation  
2 ceases, as it does in the winter months from the  
3 Great Lakes and Montreal our freight rates automatically  
4 revert back to the all-rail structure. That is the  
5 only rate which Newfoundland shippers or receivers  
6 enjoy from late November until the next May when the  
7 Port of Montreal is again opened to navigation.

8 Q. In your business, Mr. Miller, have you  
9 any knowledge of the cost of commodities, of goods  
10 for Newfoundland as against their costs on the main-  
11 land to the ultimate consumer?

12 A. Naturally I would, but I think here I  
13 have a survey which has been given by the Civil  
14 Service, the Newfoundland Civil Service, and if I may  
15 be permitted -- . This is a survey, I understand,  
16 made by the Civil Service organization trying to  
17 point out the costs for Newfoundland as compared  
18 with the other Provinces. I would like, if I may,  
19 to read this brief extract from this:

20 "A brief covering the survey on  
21 "the cost of living in the Province of  
22 "Newfoundland, to show beyond a reasonable  
23 "doubt that living costs in Newfoundland  
24 "are higher than in any other Province of  
25 "Canada was prepared by this District  
26 "Council under date of October 20th, 1952  
27 "and subsequently forwarded to the Civil  
28 "Service Federation of Canada. This  
29 "second brief will reiterate the objects  
30 "and purposes of the original presentation







1 "and cover additional aspects."

2 THE CHAIRMAN: Mr. Miller, the proper place  
3 to get a comparison for the same employees which is  
4 used across the Dominion is the D.B.S. statistics  
5 of the cost of living. The Civil Service Organization  
6 submitted a brief that they were entitled to an  
7 increase in the salaries which they received.

8 A. I was going to make further reference  
9 to it.

10 THE CHAIRMAN: That is the purpose of the  
11 D.B.S. service in the cities or provinces.

12 MR. HUNT: Mr. Commissioner, we will  
13 introduce in our argument and I presume if the  
14 Commissioner will accept the D.B.S. figures without  
15 proof at that time.

16 THE CHAIRMAN: I suppose usually they are  
17 admissible in any court of law.

18 MR. HUNT: These are specific figures  
19 available to Mr. Miller. I did want him to indicate  
20 his general knowledge and he had these available to  
21 him to back that up.

22 THE WITNESS: They say:

23 "The cost of living is definitely  
24 "much higher in Newfoundland than in the  
25 "rest of Canada, the Bureau of Statistics  
26 "states that the difference is nine per cent  
27 "excluding rents. We wish to emphasize  
28 "that this nine per cent be regarded as an  
29 "absolute minimum, as we consider the  
30 "actual difference to be much higher."





They consider the actual cost greater than that.

1 The result of necessity must be higher than in Canada.  
2 We produce practically nothing in this Province. We  
3 have made reference to grain and hay. The same is  
4 true of a great many of our products. The same is  
5 true of everything, practically everything else we use

6 You know how far we are removed from the  
7 sources of supply and when you couple that with the  
8 transportation costs and when you couple with that  
9 the cost of distribution, then these costly items  
10 must mean a greater cost of living to the people who  
11 are outside St. John's and Corner Brook. Therefore  
12 whatever the costs are to St. John's and Corner Brook  
13 they must be higher outside the area of those two  
14 places.

15 MR. MUNDELL: Mr. Miller, I wonder when you  
16 speak on the question of the cost of living -- I  
17 should say before I ask any questions I should like  
18 to make it very clear that when I ask them, we are  
19 extremely unpopular anywhere we go because our job  
20 is to test the statements made so if you will just  
21 permit us to question you on the various matters  
22 you have stated, it does not necessarily indicate  
23 we have any decision at all or anything like that.  
24 It is just a matter of trying to bring out the  
25 information. I was just wondering if there were  
26 any figures available, D.B.S. figures or anything  
27 that would show the actual difference. I wonder  
28 what the average would be?

29 A. That is the only figure I have, that is  
30







1 the nine per cent which applies as a minimum, not a  
2 maximum.

3 MR. MUNDELL: I believe Mr. Hunt mentioned the  
4 possibility of D.B.S. figures being available at a  
5 later date?

6 MR. HUNT: We will obtain that.

7 MR. MUNDELL: I think it would be of great  
8 assistance to the Commission.

9 Q. There was one question. I wonder if  
10 you could explain to the Commission about any tariff  
11 structures or Customs before your union and after the  
12 union. There were custom duties before. I was  
13 wondering how they related to the change in your  
14 purchasing products. One interpretation might be  
15 possibly that the same rate of duty -- Newfoundland's  
16 greater source of income, I think I might say, prior  
17 to the Confederation was the tax which was collected  
18 on different imports?

19 A. The tax on Canadian goods was  
20 identical with the goods originating in the United  
21 States and England which did have a preference.

22 Q. Do you remember the degree of  
23 preference; I suppose it is available?

24 A. It is available but I do not know too  
25 much about it.

26 Q. One possible explanation that would  
27 occur to a newcomer to the problem, any change in  
28 the purchasing power would be that it may be cheaper  
29 to purchase from Canada than elsewhere?

30 A. No, I disagree with that.





1 Q. You say that Newfoundland was a free  
2 country, free to buy its requirements anywhere in the  
3 world?

4 A. What we bought from Canada and the  
5 United States we bought as an export market at  
6 export prices. Even after six years of Confederation  
7 I am still trying to find out what is the difference  
8 between the Canadian domestic price and export price.  
9 I know it is called different. All they tell me is  
10 that it is a sales tax. They say it is the sales cost,  
11 advertising cost and other costs which are applicable  
12 to Canada but we paid the Canadian price. We bought  
13 at the export price.

14 Q. Do you say they are lower than the  
15 retail price?

16 A. They are.

17 Q. Do you pay duty on that when it was  
18 imported here?

19 A. Plus your excise tax and sales tax.

20 Q. There is no excise tax?

21 A. No, we just paid the straight duty here.

22 Q. There would be no need to pay excise tax?

23 A. Our Newfoundland customs tariff was  
24 designed in such a way as to impose the least burden  
25 upon our primary industries and upon our fisheries  
26 and as a result practically everything we used in  
27 connection with the fisheries came in duty free.

28 Q. I take it you are not then able to give  
29 any figures to show the differential in the cost of  
30 living before or after union or to demonstrate any





1 change in the purchasing pattern. This is an  
2 impression really. It has become more expensive to  
3 buy elsewhere than in Newfoundland?

4 A. If I have given the wrong impression I  
5 would like to correct it. I do not think that the  
6 overall cost in Newfoundland today is higher after  
7 Confederation than prior to it. I am taking the  
8 average prices but you must take into consideration  
9 the increase in prices that have taken place since  
10 April 1st, 1949, and it would appear it is higher  
11 today than it was then.

12 THE CHAIRMAN: That would be so whether you  
13 were buying it in Canada or from Great Britain?

14 A. That is right.

15 MR. MUNDELL: Q. In any event, coming back to  
16 that last question, transportation costs are a  
17 substantial element in your costs but you cannot  
18 give any figure or statistic to show the average  
19 percentage that transportation costs would be in any  
20 commodity in St. John's?

21 A. You are trying to ask me what per-  
22 centage of the cost union would represent?

23 Q. Something of that sort, yes.

24 A. I think I will let the other witness  
25 do that.

26 Q. Coming to this question of rates, I  
27 am afraid I was not very clear on that but the water  
28 competitive rate is a rate that obtains between  
29 Montreal and St. John's in the summer season, is  
30 that correct?







1 A. Yes.

2 Q. And that obtains only between Montreal  
3 and St. John's and not between Montreal and any other  
4 point?

5 A. Only between St. John's and Corner Brook.  
6 The water competitive rate applies only to traffic  
7 originating west of Montreal but not from Montreal  
8 or from any points east, to Corner Brook and to St.  
9 John's. In other words, the water competitive rate  
10 would not apply to shipments from Montreal to  
11 St. John's but it would apply on a shipment from  
12 Toronto to St. John's.

13 It would not apply on a shipment  
14 originating at Toronto and destined for Grand Falls?

15 Q. What would prevent a shipment to Corner Brook from  
16 Toronto and trans-shipped to Grand Falls?

17 A. That is true, but you would have to pay  
18 the regular tolls from Corner Brook to Grand Falls.

19 Q. Plus the trans-shipment cost?

20 A. Yes, at Corner Brook.

21 Q. What is it that prevents the Constantine  
22 Line and the Newfoundland Great Lakes Line from  
23 picking up freight at Montreal and bringing it down  
24 here; could they not apply their rates over that  
25 area?

26 A. Their traffic in the main is destined  
27 for the ports they serve, namely Corner Brook and  
28 St. John's. I believe there have been some occasions  
29 where traffic, depending on the class, is brought in  
30 to St. John's and re-shipped to points outside of





1 St. John's.

2 Q. You say on a cargo shipped from Montreal  
3 to St. John's the competitive water rate does not apply?

4 A. The water competitive rate.

5 Q. Would the Constantine Line pick up a  
6 cargo in Montreal?

7 A. Yes.

8 Q. Would it charge its normal rate?

9 A. I would say they charge the rates that  
10 are probably slightly less than ---

11 Q. That is the water competitive rate?

12 A. Than the regular rate.

13 Q. What rates apply between Montreal  
14 and Corner Brook on a cargo picked up at Montreal?

15 A. The equivalent of the all-rail rate  
16 but the water rate on that - I can appreciate your  
17 difficulty.

18 Q. Can you explain that?

19 A. The water rate can conceivably be less  
20 than the all-rail rate.

21 Q. But there is no water competitive rate  
22 which is set up by the Canadian National Railway  
23 which is applicable to transportation systems and to  
24 Corner Brook which originated west of Montreal?

25 A. Constantine and the Newfoundland  
26 Great Lakes on the traffic they pick up west of  
27 Montreal do carry it for less than the water  
28 competitive rate.

29 Q. The freight they pick up at Montreal?

30 A. They would carry it at rates as close to







1 the all-rail rate as they can possibly get.

2 THE CHAIRMAN: Q. The rates they have to  
3 compete with is not the water competitive rate but  
4 the regular rate?

5 A. That is right.

6 THE CHAIRMAN: Q. They stay under the water  
7 competitive rate when they have to get business?

8 A. They stay under the regular rate to  
9 get business.

10 MR. MUNDELL: Q. The Clarke Steamship rate  
11 from Montreal -- the Clarke Steamships are carriers  
12 for the Canadian National Railway at this competitive  
13 rate. In other words, I suggest to you that the  
14 Clarke Steamships do not operate in the Great Lakes?  
15 Presumably we are not concerned with traffic east  
16 of Montreal?

17 A. There was a pattern of rates which  
18 we know as the water competitive rates. The only  
19 traffic originating west of Montreal which was set  
20 up to compete with the Newfoundland-Great Lakes and  
21 Constantine and that is what we call the water  
22 competitive rate.

23 MR. HUNT: We have evidence that will  
24 follow the documentary evidence and evidence as to  
25 schedules which will illustrate this point. These  
26 facts will come up at a later date.

27 MR. MUNDELL: Thank you. I think that is one  
28 point which may be of assistance. If we could have a  
29 few moments adjournment I could ask Mr. Hunt as to  
30 what the other evidence will show.





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THE CHAIRMAN: I think it is an appropriate  
time for a ten-minute recess.

---The witness retires.

---Recess from 3:35 p.m. until 3:50 p.m.

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---On resuming at 3:50 p.m.

1  
2 MR. MUNDELL: Q. Mr. Miller, you have mentioned  
3 a conference in shipping, what do you mean by the  
4 shipping conference?

5 A. In Newfoundland I think it is clearly  
6 understood that all the ship lines, other than  
7 Newfoundland Great Lakes and the Constantine Lines,  
8 operate as what we know to be a Conference Line. The  
9 Conference Lines have co-operated, I believe, very  
10 closely with Canadian National, for this very good  
11 reason: Not too many steamship companies in the  
12 world are suddenly able to acquire a great deal of  
13 traffic which they have not solicited. I believe in  
14 my evidence I made reference to 50 or 55 thousand  
15 tons of traffic which Canadian National could not  
16 carry. I believe it is an understood fact that when  
17 this surplus is passed to the Conference Line---

18 Q. What do you mean by a "conference", is  
19 there an agreement to pass traffic back and forth or  
20 an agreement to fix rates?

21 A. Maybe I can suggest it is a combine.

22 Q. You mean whether it is an agreement as  
23 to rates, or do you know?

24 A. If I would be permitted I would put it  
25 that way, that these so-called Conference Lines would  
26 be a combine.

27 Q. If I remember correctly the Combines  
28 Act does not apply to services so that it would not  
29 be a combine within the Combines Act. Do you mean  
30 a combination to limit competition?







1 COMMISSIONER WICKWIRE: What he means, it is  
2 not a combine in restraint of trade.

3 THE WITNESS: Yes.

4 COMMISSIONER WICKWIRE: But, nevertheless, it  
5 is a combine.

6 MR. MUNDELL: Q. The point I am trying to get  
7 at: Is it or is it not in restraint of trade?

8 A. Certainly it is in restraint of  
9 competitive rates. The fact their computation of  
10 rates is identical with that of Canadian National  
11 suggests to me, as it does to most people in Newfoundland  
12 that it is a combine on rates.

13 Q. Is there any formal agreement that  
14 you are aware of?

15 A. No, I think that would be difficult for  
16 me to say.

17 Q. You do not know of any?

18 A. I know their rates are identical with  
19 Canadian National.

20 Q. From that you deduce there is an  
21 agreement?

22 A. Well, I have examined some of the  
23 changes in freight rates that have taken place  
24 after we came from independence into Confederation.  
25 A new pattern of rates were set in Newfoundland  
26 by Canadian National and these companies adopted  
27 those rates. There have been revisions upwards,  
28 unfortunately, and these companies have followed.

29 Q. How do you mean the Canadian National  
30 set a pattern of rates? The Canadian National does





run in summers from Montreal?

A. No. They set a pattern of rail rates.

Q. You mentioned Constantine and Newfoundland Great Lakes had different rates above Montreal but you said they had virtually the same rates below Montreal on cargo picked up below Montreal. Would they be a member of the Conference?

A. They are not a member, as far as I know.

Q. Their rates are the same from Montreal?

A. No, I believe their rates from Montreal are below the all-rail or all-rail pattern of rates.

Q. What are the Conference rates below Montreal?

A. I do not set myself up as an expert on rates. I believe there will be a witness who will follow me who will speak as to the rates. I can speak as to this, that the Conference rates follow the same pattern as the rail rates; whereas the two companies operating in the Great Lakes have different rates.

Q. Who would be in the Conference?

A. I would suggest all the steamship companies operating into St. John's other than Newfoundland Great Lakes and Constantine.

Q. Would that be Furness Whity?

A. Yes. Their traffic is from Liverpool to St. John's, Boston to St. John's, New York to St. John's; and those rates are outside any pattern of rail rates.

Q. As between St. John's and Halifax,







1 the Furness Whity charges the Conference rates, as  
2 far as you know?

3 A. I believe they do.

4 Q. So that the fact that they are British  
5 ships, in that case, it is a Conference problem that  
6 is creating the difficulty?

7 A. It could be.

8 Q. Do you think this difficulty of a  
9 conference could be met by expanding the Combines  
10 Act to prevent combinations of this kind or by  
11 regulations of the rates? Is it the fact they are  
12 British ships or the fact it is a combine that  
13 creates the higher rates?

14 A. It is certainly not the British ships  
15 because their ships in the main part -- Furness  
16 Whity and Furness Red Cross vessels -- are primarily  
17 interested in traffic from the United States or the  
18 United Kingdom and, therefore, British ships are  
19 operating outside the pattern of rates laid down  
20 by Conference Lines.

21 Q. Except between Montreal and here, they  
22 operate on a somewhat parallel system?

23 A. No, I think they are operating at less,  
24 at rates less than---

25 COMMISSIONER BELANGER: Q. Do not they follow  
26 the same pattern but with a slight difference?

27 A. Even a slight difference to us, as  
28 receivers, is a saving.

29 MR. MUNDELL: Q. The point I am trying to get  
30 at is whether it is the combination that is creating





1 the rate problem and not the ownership of the ships.  
2 Would you say it is extensive? If there were no  
3 combination of Canadian ships which have the same  
4 rates as the British ships, Canadian owned and  
5 registered?

6 A. My answer to that would be this: Why  
7 did not Canadian companies, after the advent of  
8 Confederation, knowing the increased traffic which  
9 would take place between mainland Canada -- and  
10 particularly the central provinces -- and Newfoundland,  
11 why did not Canadian companies operate ships from  
12 these ports?

13 Q. I am not sure if that is an answer  
14 or a question. You cannot say whether Canadian  
15 ships could operate at the rates, say, that  
16 Constantine and the other companies, operate between  
17 Toronto and St. John's?

18 A. Frankly, I doubt if Canadian ships  
19 could operate in competition with the British ships.  
20 If so they would be in the Great Lakes providing  
21 service such as these two companies are providing.  
22 There is also the other problem: Are Canadian built  
23 and Canadian manned ships suited to the peculiarities  
24 of Newfoundland trade? Are they available in Canada?

25 Q. What are the peculiarities?

26 A. The two boats operated by Furness  
27 Whity, the Newfoundland and Nova Scotia -- their  
28 sister ships were lost during the war -- those two  
29 ships have been built by Furness entirely to suit  
30 conditions peculiar to Newfoundland trade and traffic.





1 The same is true of Furness Red Cross.

2 Q. What peculiarities have they to be  
3 adapted to to trade?

4 A. In this case not so much but if you  
5 operate out of the Newfoundland-Great Lakes you have  
6 the Lachine Canal as a bottle-neck.

7 Q. Could not a canaller come down?

8 A. I don't think so.

9 Q. Why not?

10 A. In the first place I don't think they  
11 have 'tween decks, and if you are carrying a mixed  
12 cargo, package freight, if you set all that up with  
13 hundreds of tons on top of it, all the goods down at  
14 the bottom will be pretty badly crushed.

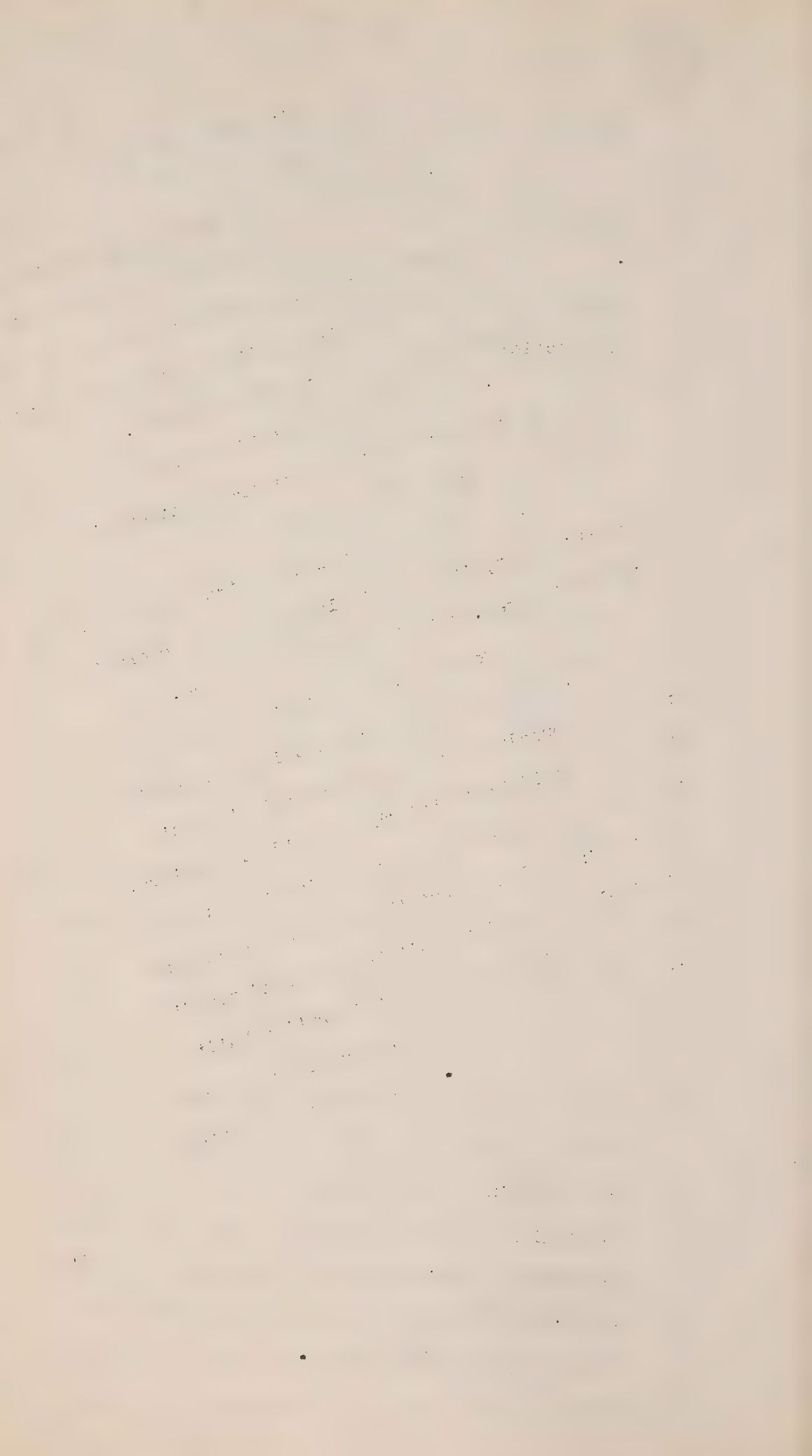
15 Q. We have been told a good deal of the  
16 Canada Steamship freight west from Montreal is  
17 package freight?

18 A. They have a long distance from Montreal  
19 to this port, it is entirely a different operation  
20 to Great Lakes; this is deep sea shipping.

21 Q. You are not a shipping man?

22 A. I am no expert on ships. I do know  
23 this, Newfoundland Great Lakes operate two ships  
24 which are small boats but they are ideal carriers.  
25 Since they have operated that service the Dundee  
26 was built in England about three years ago and was  
27 particularly designed to suit Newfoundland traffic  
28 and there was quite a bit of refrigeration built  
29 into it at the request of some of our largest fresh  
30 fish exporters. The two boats Constantine operate







1 are suited to the peculiarities of Lachine Canal,  
2 the Great Lakes and the Newfoundland trade.

3 THE CHAIRMAN: Q. We are considering this,  
4 not in the light of the present-day Lachine Canal but  
5 the new Seaway Canal which will take a draught of  
6 27 feet and it may be that boats designed to carry  
7 efficiently from Great Lakes to Newfoundland with a  
8 14 foot draught are going to be most inefficient when  
9 there is a 27 foot draught.

10 MR. MUNDELL: Q. It is quite possible,  
11 competitively, they would no longer be able to  
12 compete?

13 A. These British bottoms will appreciate  
14 that because now they are forced to stop off at  
15 Montreal and drop the stuff off there.

16 Q. I am not sure I follow you, what did you  
17 say?

18 A. I say, even these boats designed  
19 primarily for the Newfoundland trade, they stayed  
20 off Montreal because they were scared maybe some-  
21 body else would go into the Great Lakes, so they  
22 by-passed Montreal when they carry capacity loads.

23 Q. Do you know of your own knowledge  
24 whether Canadian built ships, particularly in view  
25 of the increased efficiencies which will arise from  
26 the St. Lawrence Seaway into the Great Lakes, do you  
27 know whether they could compete at the present rates  
28 with Constantine and Newfoundland Great Lakes?

29 A. I have reason to understand that these  
30 British ships---





1 Q. I was asking if you knew?

2 A. I understand that if these British  
3 charter boats and British built boats and British  
4 manned ships are not permitted to engage in the  
5 intra-coastal trade of Canada, including Newfoundland,  
6 for instance, they will not be able to secure  
7 Canadian bottoms and be able to compete, as they are  
8 presently doing.

9 Q. Can you give an explanation for the  
10 reason for your understanding?

11 A. No. I could quote some figures from  
12 the brief which I did not propose to deal with, the  
13 new figures in the brief submitted by the Newfoundland  
14 Government, which show the costs of operating British  
15 or Canadian ships.

16 Q. You do not know whether there is a  
17 profit margin?

18 A. No.

19 Q. To Canadian ships?

20 A. I am sure there is not.

21 Q. Can you give the basis for your certainty?

22 A. Yes. I think I can state, without  
23 disclosing anything of a confidential nature, that  
24 the two companies operating in the Great Lakes today  
25 are not having a very profitable operation. If that  
26 is true a Canadian built ship, with higher capital  
27 costs, and higher operating costs -- I think the  
28 situation will be that much worse.

29 Q. I suppose at the present time you are  
30 working for the maintenance of the status quo, or







1 would you prefer to revert to the pre-Confederation  
2 situation where all vessels could compete?

3 A. No, I don't think we are asking for that.  
4 The service from Liverpool, Boston and New York,  
5 coupled with the service we have from Montreal,  
6 the Great Lakes is adequate. I think the number of  
7 ships we have is adequate except for the peak periods  
8 in the fall and spring. These peaks overtax the  
9 facilities in this port, but there is no justification  
10 to increase the facilities because you have your  
11 periods in June and September when you have these  
12 ships coming eastbound light.

13 Q. Was there any substantial number of  
14 Commonwealth ships or non-British ships engaged in  
15 the coastal trade here before Confederation?

16 A. I am not qualified to answer but I  
17 believe there was a considerable amount.

18 Q. Would not that increase competition  
19 and, consequently, tend to decrease the rates?  
20 Would not it be better to revert to that situation  
21 or would it be better just to maintain the present  
22 status quo?

23 A. That is, ships of all nationalities?

24 Q. Yes.

25 A. I would suggest it would be better  
26 for us, yes; because presumably ships of Scandinavian  
27 registry could be chartered cheaper than British  
28 owned and manned.

29 Q. You are being moderate in your request  
30 at the moment?





1           A.       I think so.

2           MR. HUNT: I am not trying to brief the  
3 witness, Mr. Chairman, but he is called to give  
4 certain specific evidence and Mr. Winter who will be  
5 the last person to speak on behalf of the Government  
6 of Newfoundland will speak in regard to the question  
7 of policy.

8           MR. MUNDELL: I am sorry, that is a question  
9 of policy and I was not asking for a statement of  
10 policy, just judgment.

11          By the way, I think it might be useful in that  
12 respect to ask counsel if that is the situation or  
13 position of the Newfoundland Government, the main-  
14 tenance of the status quo, or would they favour any  
15 extension?

16          MR. HUNT: At the present enquiry the  
17 Newfoundland Government does not request an extension  
18 of the ~~right~~ rights so foreign ships can operate in the  
19 trade here. It was not considered and I have no  
20 definite instructions on the point. It was considered  
21 by counsel in some discussions and because of the  
22 burden of other facts it was overlooked when we  
23 went for instruction; but we in Newfoundland  
24 accepted the act of Confederation which split the  
25 laws of the Province and the Dominion. The  
26 Dominion law, which we accepted as being founded on  
27 the sound domestic policy, stated that <sup>the</sup> only ships which  
28 could operate coastwise were Canadian and Commonwealth  
29 vessels; therefore, we accept that Dominion policy  
30 and at this hearing we certainly do not intend to





1 resist it.

2 MR. MUNDELL: I should point out that the field  
3 of enquiry which is given to the Commission would  
4 cover the possibility of a change to that extent and  
5 I am wondering is Newfoundland in a position---

6 MR. HUNT: Counsel has no instructions on it  
7 but that, as I understand it, is the position.

8 MR. MUNDELL: Q. When you were asked what you  
9 thought the effect of eliminating British shipping  
10 would be I think your answer was that it would be  
11 disastrous. Could you enlarge on that answer and  
12 give more precise reasons? Is it because costs would  
13 go up?

14 A. I believe somewhere in the opening  
15 part of this meeting this afternoon reference was  
16 made to the fact that Newfoundland had literally no  
17 roads.

18 Q. Pardon?

19 A. I think in the early part of this session  
20 reference was made to the fact that Newfoundland is  
21 very short of roads.

22 Q. Is it simply a matter of costs?

23 A. Yes. For this reason, we are at the  
24 end of the line and whatever increases there have  
25 been effected by Canadian National have been on a  
26 horizontal level. We are looking, naturally, for  
27 the one outlet to reduce our costs. I think it is  
28 an understood fact that our greatest single worry  
29 at the moment is the cost of transportation.  
30 Competitive rates have been set up and if those







1 competitive rates are taken away it is going to have  
2 a tremendous effect on the economy of our country.  
3 If British ships are debarred from coastal service  
4 are similar ships, suitable to these Newfoundland  
5 conditions, available in Canada? I am no expert on  
6 this but I question whether the types of ships which  
7 are available in Canada ---

8 THE CHAIRMAN: Q. What do you mean by  
9 available in Canada? There are shipyards, and  
10 shipyard representatives are here in this room today,  
11 who are only too willing to build them. I see Mr.  
12 Simard is nodding his head.

13 MR. MUNDELL: Q. I am really trying to point  
14 up the precise issue. If, for example, your views  
15 turned out to be erroneous would you have any objection  
16 to Canadian ships?

17 A. If we do not have a higher freight cost  
18 than we have at the present time. This water  
19 competitive rate is definitely the result of  
20 competition originating in the Great Lakes.

21 Q. Is it because there are certain  
22 non-Conference members competing?

23 A. No, I think it is because they are  
24 operating British bottoms.

25 Q. One other question I have been asked  
26 to ask is: Are the Conference rates and the other  
27 water rates made public?

28 A. I believe so. I believe that all these  
29 tariffs of all companies operating ships in  
30 Newfoundland, I believe they publish rates.





1 Q. I take it they would be obtainable  
2 by the Commission?

3 A. I presume so.

4 Q. Do the Constantine and the other  
5 company make their rates public?

6 A. I believe so.

7 Q. By the way, can you advise us, or may  
8 I ask counsel, what witness will be speaking to the  
9 Conference situation and the rates?

10 MR. HUNT: Mr. Matheson and Mr. Johnson.

11 THE CHAIRMAN: Q. I am interested in one  
12 aspect, Mr. Miller, to which you referred on several  
13 occasions -- that is, the effect of any proposed  
14 restriction on the Furness Withy and Furness Red  
15 Cross operation. You understand, of course, that  
16 any proposed restriction would not, in any way,  
17 affect the carriage in United Kingdom bottoms between  
18 United Kingdom ports and ports in Canada; or between  
19 the United Kingdom and the United States and ports  
20 in Canada. Even if any restrictions were enacted,  
21 such as has been suggested, it would not prevent the  
22 Furness Withy boats travelling from Liverpool to  
23 Halifax and on to Newfoundland; the only thing  
24 which would be prevented would be carriage from  
25 Halifax to Newfoundland.

26 A. And also traffic from Newfoundland  
27 to Halifax?

28 Q. Yes, it would prevent only the carriage  
29 from one port of Canada to another port of Canada.

30 A. Mr. Chairman, I suggest this because







1 of the effects of Confederation on our buying habits,  
2 with respect to the United Kingdom, that there might  
3 not be sufficient traffic from Liverpool to St. John's  
4 to justify the maintenance of that service, as well  
5 as from Boston to Newfoundland. These boats provide  
6 a very useful service, they are carrying freight from  
7 Halifax to us, and I suggest we need these bottoms  
8 because of this. Another thing they do, they pick  
9 up considerable cargo here which is dropped off at  
10 Halifax for trans-shipment to the West Indies and  
11 also to New York.

12 Q. Your view is that the Furness Withy  
13 operations would not be sufficiently profitable  
14 if they did not have the advantage of carrying on  
15 coastal trade as well as international trade?

16 A. That is my view.

17 MR. HUNT: Mr. Chairman, the witness just  
18 arrived in town on Friday and we assumed that the  
19 paragraph, Paragraph 10, of the Furness Withy brief,  
20 which reads:

21 "We have mentioned above that the  
22 "coastal operation on both services is only  
23 "a 'leg' of the voyage but it is a most  
24 "important one. It is in fact extremely  
25 "doubtful that the services could be  
26 "operated on their present schedules if  
27 "any action was taken that would debar  
28 "us from carrying passengers and cargo  
29 "in the coastal trade. Any curtailment  
30 "of either service would, in our opinion,





1 "have serious effects on the economy of  
2 "Newfoundland in particular and to a lesser  
3 "extent on that of the Maritime Provinces."

4 When discussing it with the witness I unfortunately  
5 accepted that as what would happen and phrased the  
6 question on that basis. The Furness Withy will be  
7 giving evidence on that point, Mr. Chairman.

8 THE CHAIRMAN: All right.

9 Mr. Gerity?

10 MR. GERITY: May I ask some questions, Mr.  
11 Chairman?

12 Q. Mr. Miller, I represent a group of  
13 lake shipowners and also Canadian shipbuilders. As  
14 a businessman if the Government in its wisdom,  
15 decided to pay a subsidy to shipowners and ship-  
16 builders so that, either voluntarily or by regulation,  
17 their rates would be comparable to those presently  
18 obtaining, would it make any difference to you or  
19 to anybody in Newfoundland?

20 A. As a businessman I would say no,  
21 regardless of the method employed to keep our cost  
22 of freight down to its present level; but as a  
23 taxpayer of Canada I think I would raise a little  
24 fuss about it.

25 Q. Of course, we all have these views,  
26 particularly those of us who pay the tax, but it was sub-  
27 mitted in the former hearings in Ottawa that these costs  
28 are costs which the whole of Canada should bear, not any  
29 individual section. Have you any view about that?

30 A. Yes. If you advocate subsidization of





1 a consumer operation then, certainly, my view, as  
2 a businessman, is: Why should you not request that to  
3 be extended to the Canadian National so that it could  
4 be equally---

5 Q. Do you suggest the Canadian National  
6 is not receiving considerable Government help?

7 A. I think it ought to be subsidized to  
8 a complete degree.

9 Q. Going back, Mr. Miller, my question was  
10 simply: As a businessman if the laid-down cost of  
11 shipping, which is less than by rail, was the same in  
12 Canadian bottoms as any others, would it make any  
13 difference to you?

14 A. It would be a little difficult for me  
15 no to that, I would like to reserve  
16 to say, I guess, except, one right. If you employ sub-  
17 sidization, that would mean, I presume, that the  
18 rate would be controlled by some body, whether the  
19 Board of Transport Commissioners, or others. At the  
20 present time the British bottoms operating out of the  
21 Great Lakes are free enterprise and their rates may  
22 not be at the lowest level to which they might go.

23 Q. There are several different ways of  
24 answering this problem besides wishing some particular  
25 company to be in business; isn't that so?

26 A. Yes, it might be.

27 Q. You could extend the Board of Transport  
28 Commissioners' powers beyond the Island of Orleans?

29 A. Yes, quite true.

30 Q. I believe you said you were Vice-  
President of the Maritime Transportation Commission;







1 is that correct?

2 A. Yes, that is correct.

3 Q. Does that Commission reflect the views  
4 of the Atlantic Provinces, or do you know?

5 A. As they affect transportation I would  
6 say they do.

7 Q. Are you familiar with the written  
8 submission B-100 which has been put before this  
9 Commission?

10 MR. MUNDELL: I do not suppose the witness  
11 would know the number.

12 MR. GERITY: I am referring to the Maritime  
13 Transportation Commission Preliminary Submission.  
14 Would you be familiar with it?

15 A. No. I would say no. I just got back  
16 from being away on Friday and I have not studied  
17 the exhibits.

18 Q. There is one particular reference in  
19 it on which I would like your views as an individual.  
20 It is page 9 of the big volume and page 15 of the  
21 small printed brief:

22 "If it is found in the national  
23 "interest that conditions and circumstances  
24 "in the Great Lakes-St. Lawrence area dictate  
25 "special shipping policies required for that  
26 "area alone, this part of Canada would have  
27 "no objection to measures being established  
28 "to take care of that particular problem, ..."

29 Is that an accurate statement of your own view?

30 For instance -- perhaps I have been too complicated





1 for you -- if I were to suggest to the Chairman and  
2 Members that it might be possible to establish a  
3 different policy in the Great Lakes region would you,  
4 as an individual, have any objection?

5 A. As an individual, and stating my own  
6 opinion, I think I would prefer to see some compre-  
7 hensive survey of the effects upon the Maritime  
8 Provinces and the Great Lakes as a result of this  
9 development of the St. Lawrence Seaway.

10 Q. I realize that but my question goes  
11 more to this: There is, in the Great Lakes, a native  
12 Canadian industry, consisting of a large number of  
13 ships -- in which many of your fellow provincial  
14 citizens serve. Would you think, as an individual,  
15 it was a proper thing to regard that as a separate  
16 problem which does not affect Newfoundland?

17 A. I would agree that should be considered  
18 as a separate problem, yes.

19 Q. Thank you, sir.

20 MR. HALLEY: I am James Halley, counsel for  
21 Furness Withy. May I direct some questions to the  
22 witness?

23 Q. Mr. Miller, you stated in your  
24 evidence the time involved in obtaining goods from  
25 Montreal by boat and from Montreal by rail. Would  
26 you please state in your opinion the time involved  
27 in obtaining freight from Halifax by boat as against  
28 the time involved in obtaining that freight by rail?

29 A. The estimated time I believe for a  
30 ship to make the voyage between Halifax and St. John's





1 is approximately 30 or 36 hours. So, I presume, if  
2 the cargo was at Halifax and the ship was ready to  
3 sail, we would have it in less than two days. I  
4 would suggest the average time required to transport  
5 it from Halifax to North Sydney, to Port aux Basques,  
6 to St. John's by rail, the average time is two to  
7 three weeks. I think actually it would be three to  
8 four, actually.

9 Q. Two to three or maybe three to four.

10 MR. GREENE: James Greene, counsel for the  
11 Newfoundland Committee on Coastal Shipping.

12 Q. Mr. Miller, the Committee I represent  
13 is concerned with that large group of ships registered  
14 in Newfoundland which is engaged in the coastal trade,  
15 primarily in this Province but also engaged in  
16 bringing a certain amount of goods into Newfoundland  
17 from the Maritime Provinces. It is the wooden fleet  
18 with which you are familiar. Have you any figures  
19 available as to the tonnage carried by these  
20 Newfoundland vessels within the Province, such  
21 commodities as flour and feed, and so on?

22 A. Yes, I have. Our firm last year  
23 moved from Halifax and Sydney somewhere between  
24 10,000 and 15,000 tons of flour and feed. It is a  
25 most important movement because normally that  
26 traffic would have to be carried by some other means  
27 of transportation, whether it be steamers or  
28 railway. It is my feeling the total amount of  
29 flour and feed carried by these local vessels from  
30 these two ports would exceed 25,000 tons annually.







1 It provides a real service, and I have attempted to  
2 describe some of the problems arising from the  
3 handling through North Sydney and Port aux Basques  
4 of freight. If you take flour away from where it was  
5 originally and take it through Port aux Basques and  
6 North Sydney and deliver it to a coastal point it  
7 would have to be unloaded from the rail cars into  
8 sheds and ultimately into coastal ships. I suggest  
9 flour delivered there would be in a terrible condition.  
10 I would say in the matter of a considerable amount of  
11 goods directed through Sydney and Halifax to all  
12 ports on the southwest coast, and we have goods  
13 routed that way, invariably they arrive, some of them,  
14 in poor condition. The shipments by our local  
15 steamers from Sydney and Halifax arrive in a good  
16 condition.

17 Q. With reference to the movement of  
18 flour into Newfoundland on these small vessels, do  
19 I take it you find these vessels particularly suited  
20 to that type of traffic by reason of their shallow  
21 draught?

22 A. Yes, I would say ideally suited  
23 because many of the harbours into which they go  
24 do not have any dock facilities. If delivery was  
25 made by one of the coastal steamers it would have to  
26 be taken from the steamer by small boats; whereas  
27 our local vessels can get into the smaller wharves  
28 they have at these ports.

29 Q. I take it from your answer you imply  
30 flour can be taken directly to the point of





1 consumption in quantities sufficient to meet the  
2 needs of that particular community without moving it  
3 to a larger area and trans-shipping it to the smaller  
4 areas?

5 A. All flour which is delivered to all  
6 coastal points in the Island of Newfoundland is  
7 delivered by our schooners, or what you call the  
8 coastal service.

9 Q. Do you think you would find any  
10 appreciable result in cost and so on if this service  
11 were not available?

12 A. Yes. In the case of Notre Dame Bay,  
13 which, Mr. Chairman, is on the northeast coast of the  
14 island, -- I do not know whether I should be telling  
15 our competitors this -- we are delivering flour there  
16 today at a considerable saving as compared with the  
17 costs up to rail plus coastal steamers up to  
18 destination.

19 Q. Thank you, Mr. Miller.

20 MR. HUNT: Mr. Chairman, there were some  
21 questions I was going to ask another witness but I  
22 found during the break that I would not be able to  
23 obtain the evidence from him and I would like to  
24 direct one more question, with your permission, to  
25 this witness.

26 Q. Have you any knowledge, Mr. Miller,  
27 of the types of vessels now used in the Great Lakes  
28 and St. Lawrence trade to Newfoundland, and their  
29 names, and how they were acquired by the various  
30 firms?





1 A. Yes. I believe at the back of the brief---

2 Q. Exhibit 2, Mr. Chairman.

3 A. This is Exhibit 2, marked Appendix,  
4 which is five sheets from the back. Furness Withy  
5 operates two vessels named the Newfoundland and  
6 Nova Scotia. They were both built, I believe I am  
7 correct, expressly for this Newfoundland service  
8 between Liverpool and Boston. The same is true of  
9 the Fort Avalon and Fort Hamilton. Those ships were  
10 built---

11 MR. MUNDELL: I wondered if it would abbreviate  
12 this if the Commission referred to the list in the  
13 written document?

14 MR. HUNT: Mr. Chairman, the purpose of this  
15 evidence is that the Newfoundland Government will  
16 argue that the rates now charged by the Canadian  
17 operators is not a true rate, in that the vessels  
18 they operate were acquired from war assets, and  
19 various other agencies, and were not built by  
20 Canadian shipyards. If and when they are substituted  
21 there will, of necessity, be a considerable increase  
22 in the freight rate. We have no direct evidence on  
23 it but I would like to get this in. Presumably  
24 the operators of those vessels, if they wish to  
25 deny it or change it, will give evidence.

26 THE CHAIRMAN: To what page are you referring  
27 in the brief?

28 MR. HUNT: Exhibit 2, Mr. Chairman. It is  
29 the fifth to last page in the brief. I directed  
30 my question, Mr. Chairman, to the vessels operating







1 in the Great Lakes and St. Lawrence area.

2 A. I believe I have made some reference to  
3 the ships operated by Furness Withy and Furness Red  
4 Cross. The three ships operated by the Newfoundland  
5 Great Lakes are all British register. The Lunan and  
6 Perth are ideal carriers. The Dundee was built just  
7 a few years ago to meet the peculiar conditions of  
8 Newfoundland and has some considerable refrigeration  
9 space which was included in the ship by special  
10 request of some of our fresh fish producers. The  
11 two ships operated by Constantine are also of  
12 British registry. Their tonnage ideally suits them  
13 to the port and port facilities we have here at this  
14 port. The Clark Steamship is operating the  
15 Sheldrake, which I believe is of British register  
16 and which I believe is a British ship. The Novaport  
17 and Gulfport while of Canadian register, I know  
18 were German war prizes on which considerable money  
19 has been spent by Clark's and today they are very  
20 fine ships, but I know they were war prizes and  
21 bought at a very reasonable price after the war was  
22 over. The Newfoundland-Canada Steamships operate the  
23 Belle Isle and the Bedford. These two ships I  
24 believe were built during the war and converted to  
25 freight carriers and are now operating in the  
26 Newfoundland trade. The two ships operated by the  
27 Peter Steamships I believe are Canadian built and  
28 of Canadian register. They are small ships and  
29 their main service is carrying traffic westbound,  
30 particularly fish and fish products.





1 MR. MUNDELL: Q. Arising out of that: Would  
2 these vessels which run from the Great Lakes to  
3 St. John's and Corner Brook, do they have return  
4 cargoes?

5 A. I do not think they have the return  
6 cargoes they would like to have.

7 Q. Might this not occur, assuming the  
8 St. Lawrence waterways were completed and vessels  
9 downbound with grain, say, to Sept Isles or Montreal,  
10 or vessels from Newfoundland leaving here without  
11 cargo, could they not pick up at Sept Isles iron ore?  
12 Might there not be expected a considerable reduction  
13 in the rates by reason of the increased traffic?

14 A. I think the hope is that we will be able  
15 to complete the cement plant and the gypsum plant and  
16 the birch plant and that we will be able to use the  
17 space in these bottoms. We are hoping and we are  
18 optimistic.

19 Q. I think that is all, Mr. Chairman.

20 THE CHAIRMAN: Q. That is all, thank you.

21 ---The witness withdraws.

22

23

24

25

THE CHAIRMAN: Proceed, Mr. Hunt.

26

MR. HUNT: Call Roy Cheeseman, Mr. Chairman.

27

28

29

30





1                    ROY CHEESEMAN, called

2                    MR. HUNT: Q. What is your occupation, Mr.  
3 Cheeseman?

4                    A.            Manager of Bowring, Brothers Wholesale.

5                    Q.            That is a St. John's company?

6                    A.            That is a Newfoundland company.

7                    Q.            Are you a member of the Newfoundland  
8 Board of Trade?

9                    A.            I am. I am Vice-Chairman of the  
10 Wholesale Section of the Newfoundland Board of Trade.

11                   Q.            How does Bowring Brothers compare in  
12 the wholesale trade in Newfoundland?

13                   A.            Well, I feel sure we have every reason  
14 to believe we are one of the largest wholesalers in  
15 business in Newfoundland.

16                   Q.            I understand you also operate retail  
17 stores?

18                   A.            We do operate retail departmental  
19 stores as well.

20                   Q.            Have you any information, Mr. Cheeseman,  
21 on the cost of products in Newfoundland as compared  
22 with the mainland, specifically Ontario and Quebec?

23                   A.            How our costs compare with those in  
24 those areas?

25                   Q.            Yes.

26                   A.            Well, from figures available through  
27 our own files I believe we are reasonably correct  
28 in assuming that the average cost of landing freights  
29 at the wholesale level, and taking heavy merchandise  
30 with light merchandise, is approximately seven per







1 cent, with a possible two to three per cent increase  
2 in winter rates. That being the fact, then, it is  
3 natural to assume that the ultimate costs of goods  
4 to consumers in Newfoundland must increase by the  
5 increase in rates to land goods here as compared with  
6 the selling out of the stores in Montreal and so on.

7 Q. During the session we will have figures  
8 from the Bureau of Statistics as to the costs of  
9 products here, but in order to clarify any doubts  
10 on the subject have you any figures as to the mark-up  
11 on goods by the merchants in Newfoundland as compared  
12 with the mark-ups on the mainland?

13 A. According to figures published by D.B.S.  
14 on the wholesale business across Canada, with which  
15 we are primarily interested, and comparing those to  
16 our own figures -- and I can only speak on the local  
17 level as to our own figures -- the average wholesaler  
18 in Newfoundland realizes approximately three per cent  
19 less gross profit margin than his counterpart on the  
20 mainland.

21 Q. And how about retail?

22 A. Well, on the retail level the average  
23 Canadian department store's gross profit level is  
24 33.63 per cent. In Newfoundland, and again I would  
25 like to emphasize that I am only speaking of our  
26 own particular operation, but we are comparable to  
27 most stores of our size and type in Newfoundland, we  
28 realize 31.7 per cent, which indicates again a  
29 smaller mark-up is enjoyed by Newfoundland business  
30 than comparable business on the mainland.





1 Q. Mr. Miller gave evidence of large  
2 stockpiling at certain periods of the year. What  
3 does your knowledge indicate, Mr. Cheeseman?

4 A. If we could deal with it on two levels:  
5 Wholesale and retail. I would say on the wholesale  
6 level, and from facts obtained by us, our stocks,  
7 because of time delay and landing conditions, in  
8 Newfoundland would run approximately 35 to 40 per  
9 cent, our invested warehouse stocks. The retail  
10 figures would indicate the average Canadian department  
11 store gets 3.2 stock turns each year and we obtain  
12 2.94. As an isolated case, Quebec, sitting on top  
13 of the markets, enjoys 4.3. That points out the  
14 difference.

15 Q. Does that indicate a need for higher  
16 investment?

17 A. It indicates the necessity of higher  
18 inventories.

19 Q. I was thinking primarily of the  
20 transportation figures.

21 A. One is taken with the other due to the  
22 long delays experienced in the arrival of merchandise  
23 and by comparison with Toronto and Montreal. Even  
24 with the summer service our delays are considerably  
25 longer than the supply of similar merchandise to  
26 retail warehouses on the mainland.

27 Q. Have you any figures on the mainland  
28 as compared with Newfoundland?

29 A. Yes. We took it upon ourselves, again  
30 as our own concern, to check with stores with which we are





1 affiliated through buying agencies on the mainland  
2 to compare our service from the C. N. R. with service  
3 offered through these other points. For comparison  
4 purposes we have taken Halifax, Fort William and  
5 St. John's as the ultimate delivery points; with  
6 Toronto and Montreal as points of origin. I might  
7 say here, correspondence is available to substantiate  
8 these figures. First, dealing with express from  
9 Montreal-Toronto to Halifax, three to four days;  
10 from Montreal-Toronto to Fort William, sixty hours;  
11 from Toronto-Montreal to St. John's, eight to ten days.  
12 Regular freight, Montreal-Toronto to Halifax, twelve  
13 to fourteen days; Fort William, five to seven days;  
14 Montreal-Toronto to St. John's, three to seven weeks.

15 Q. Is there any preference as to what method,  
16 Mr. Cheeseman, Bowring Brothers or other members of  
17 the Wholesale Division of the Board of Trade would  
18 use to ship?

19 A. Well, all business in Newfoundland  
20 uses, to some degree or another, all available  
21 transportation services, obviously. In our own  
22 case, and I believe in company with all other firms  
23 doing business in Newfoundland, we prefer and use  
24 whenever possible direct water freight from Upper  
25 Canada or the producing area of Canada to Newfoundland  
26 in preference to the C. N. R. because of the delay,  
27 freight rates and breakage claims.

28 Q. On the delay, what delivery do you get  
29 in season?

30 A. During open navigation season?







1 Q. Yes.

2 A. We can normally expect a two-week  
3 delivery from Montreal-Toronto areas. If we happen  
4 to be at a time when the two boats have sailed the  
5 delay would be a little longer, it might be a little  
6 longer, maybe another week. Comparable C. N. R.  
7 service is three to seven weeks.

8 Q. On the question of freight charges?

9 A. The freight charges, generally, on an  
10 all-water rate from Montreal to St. John's are lower  
11 than the all-freight rate charged to Newfoundland.

12 Q. Are there any other difficulties in  
13 addition to those which you encounter as a result of  
14 direct shipment?

15 A. Yes. I would like to refer to the  
16 question of breakage claims. Again, I am quoting  
17 from figures obtained from our own files and I can  
18 only assume, if they are true in our case, they are  
19 generally true in other businesses. These figures  
20 I submit now are obtained from our own files and  
21 are available. These deal specifically with  
22 claims registered by our company either for loss  
23 or breakage of cargo. The 1st of May to 30th of  
24 November, 1954, we filed claims in the amount of  
25 \$8,445 total. From the 1st of December, 1954 to  
26 30th of April, 1955, we filed claims in a total  
27 amount of \$7,286. You might glance quickly at that  
28 and on the face of it say that that is about even;  
29 but it must be borne in mind that two-thirds of  
30 our total requirements, if not in excess of two-





1 thirds, was purchased in the period 1st May to 30th  
2 of November, or open navigation season, which would  
3 clearly indicate breakage claims were considerably  
4 higher.

5 Q. Have you any idea why these claims  
6 arise?

7 A. Well, through a series of breakage  
8 and loss damage.

9 Q. From trans-shipment? I mean, would you  
10 have any idea why claims would be larger in the five  
11 winter months than the seven summer months?

12 A. I could only express a personal  
13 opinion: I assume congestion results in more  
14 inefficient handling and if you have congestion on  
15 the C. N. R. line during closed navigation season  
16 you can normally expect your breakages to be higher;  
17 I think it is the overall question of trans-shipment.  
18 It is a combination of too much cargo and the trans-  
19 shipping factor because this cargo is off ship and  
20 on ship.

21 Q. Do you import from England at all,  
22 Mr. Cheeseman?

23 A. We do. Pre-war -- it is not enough  
24 to say pre-Confederation because the immediate  
25 time before Confederation was one of considerable  
26 confusion, the war years, and it was a question of  
27 buying where you could and when you could; but  
28 pre-war our purchases were, to all intents and  
29 purposes, one-third U.K., one-third U.S.A. and  
30 one-third Canada. Today we import approximately





1 ten per cent of our total requirements from the  
2 English markets, with either English or some European  
3 origin.

4 Q. Is that English trade important to  
5 Newfoundland?

6 A. Well, it is important to the ultimate  
7 consumer. It is important to us because it keeps us  
8 ahead of our competition at times but the ultimate  
9 benefit is to the consumer because the goods purchased  
10 in England can be laid down cheaper in St. John's  
11 than their counterpart bought in Canada.

12 Q. What lines?

13 A. Well, there are a number of lines,  
14 but to give one example I would say nails.

15 Q. I am sorry, what shipping lines?

16 A. I am sorry, Furness Withy is our line.

17 THE CHAIRMAN: Mr. Mundell?

18 MR. MUNDELL: Q. Mr. Cheeseman, I believe you  
19 mentioned in connection with the cost of products in  
20 Newfoundland, contrasted with the costs of similar  
21 products on the mainland, you mentioned the average  
22 cost of seven per cent higher and some two or three  
23 per cent more than that in winter?

24 A. I specifically mentioned at that time  
25 that I was dealing with my own experience in the  
26 wholesale type of business and taking the light  
27 with the heavy -- that is, plumbing and building  
28 supplies with lighter goods such as shoes and nails  
29 and hardware. From information I have been able to  
30 obtain, and as near as I can say, I would presume







1 it to be seven per cent in the summer and a twenty-  
2 five per cent additional differential in the winter  
3 at the highest point in the winter, which would be a  
4 two or three per cent increase.

5 Q. The average element of cost in  
6 imported material to Newfoundland is seven per cent.  
7 That element of cost is transportation?

8 A. On an average, not any specific instance,  
9 taking the heavy with the light.

10 Q. And allowing for the winter differential  
11 in the winter?

12 A. Yes. Again, I would like to emphasize  
13 that these figures are for a limited time and are  
14 facts taken from our files. I could, if you so  
15 desired, quote instances to show how that is arrived  
16 at. Would you wish me to do that?

17 Q. I do not know. Take one example?

18 A. If I might take two, a low and a high  
19 to show the difference. I have with me here a  
20 number of cost forms in which we employ a method  
21 of marking whereby freight is proportioned to the  
22 invoiced cost of goods. In checking some of our  
23 cost forms I find that it runs in the category of  
24 plumbing and heating goods 9 to 14 per cent. I have  
25 the winter shipment which goes as high as 24 per  
26 cent on invoiced costs. That is during closed  
27 navigation season. As opposed to that we have  
28 come down to 4 and 5 per cent, and there are  
29 categories of merchandise which go below that. So,  
30 taking the average---



Q. This comparison was Quebec and Ontario; is that correct?

A. Only by virtue of the fact that those are the centres from which we normally obtain most of our merchandise. There would be no point comparing it with Prince Edward Island, where we might pay two per cent; as compared with Toronto and Montreal where we pay 25 per cent.

Q. How about Alberta and British Columbia?

A. I would think the costs would be frightening, if you took the cost of a tin of salmon in British Columbia as compared to its cost laid down in St. John's.

Q. I was not quite clear as to the purpose of some of your later figures. You gave figures of 3.82 per cent and 2.94 per cent. That had to do with the stockpiling question. I may have missed the significance of that.

A. I have them here in front of me. Those figures are the number of times the average Canadian department store turns its stock over in a given year, which indicates we carry more to carry the same stock.

Q. That indicates a higher inventory investment?

A. Obviously, at the end, we would be left with more.

Q. Now, then, you mentioned the average wholesaler realizes three per cent less gross profit than those on the mainland. Do you absorb the





1 additional transportation costs?

2 A. Obviously a portion thereof. Perhaps  
3 we are satisfied with a little more (sic) mark-up  
4 because most of our companies are privately owned,  
5 as opposed to Board directed companies.

6 Q. You mean less mark-up?

7 A. Yes. If we were looking at a purely  
8 dollar investment we would soon be out of business.

9 Q. That is your kindheartedness?

10 A. That is right.

11 MR. ROWNTREE: Q. Mr. Cheeseman, I appear on  
12 behalf of the Newfoundland Great Lakes Steamship  
13 Company. You stated much of the merchandise purchased  
14 by your company for distribution comes from the Great  
15 Lakes area, and I take it you are still aware of the  
16 transportation facilities available between the Great  
17 Lakes and Newfoundland?

18 A. Inasmuch as they affect us.

19 Q. How long have you been with the Bowring  
20 Company?

21 A. Approximately seven years.

22 Q. So that the time you have been with the  
23 company has been from approximately the time of  
24 Confederation to now?

25 A. Yes.

26 Q. And before Confederation was your  
27 company not free to engage ships in bringing its  
28 merchandise, ships registered under any flag?

29 A. Prior to Confederation we were, and  
30 did so. We imported merchandise from the United States,







1 the U. K. and Canada. If freight moved in such volume  
2 -- I can think of one instance, cement. We imported  
3 cement by the boatload and wherever we could get the  
4 best charter that is the one we took.

5 Q. So, you were free to choose?

6 A. That is correct.

7 Q. Is it not a fact that the initiation of  
8 service between the Great Lakes, say, and Newfoundland  
9 by my clients coincided approximately with the date of  
10 Confederation?

11 A. If my memory serves me correctly, shortly  
12 after Confederation.

13 Q. Were there any other companies operating  
14 Canadian registered ships who offered that service  
15 from the Great Lakes to this area at that time?

16 A. When you speak of the Great Lakes,  
17 I assume Montreal down?

18 Q. Montreal and west?

19 A. To Montreal the only services on  
20 an all-water route was Clark Steamships.

21 Q. Did Clark run west of that?

22 A. No, except through a combination of  
23 bill of lading with the Canada Steamship Lines.

24 Q. But Clark, on their own ships, did  
25 not stop above Montreal?

26 A. No.

27 Q. And the combination rate effected by  
28 Clark and Canada Steamship involved tramp ships?

29 A. Yes.

30 Q. It is a fact no other company offered





1 any service immediately after Confederation, other  
2 than Newfoundland-Great Lakes?

3 A. And Clark's.

4 Q. Let me confine the question to Toronto-  
5 Hamilton area?

6 A. I am sorry.

7 Q. How long did that situation continue?

8 A. Again, as far as I remember, up until  
9 two years ago.

10 Q. And you are referring now to the entrance  
11 of the Constantine Line?

12 A. That is correct.

13 Q. And until today no company owning  
14 Canadian registered ships has offered a service  
15 between the Great Lakes, or up as far as Lake Ontario,  
16 and Newfoundland?

17 A. If there is such a company we have never  
18 been solicited for freight.

19 Q. Have you ever heard of such a company?

20 A. I have never heard.

21 Q. The odds are there is not such a  
22 company?

23 A. I would assume so.

24 Q. And when Canada Steamship gave evidence  
25 last week in Ottawa through their president that they  
26 did not operate east of Montreal, that is according  
27 to your knowledge?

28 A. That is correct.

29 Q. They do not operate their ships east  
30 of Montreal?





1 A. Except on charter.

2 Q. By combination?

3 A. Yes.

4 MR. GERITY: Mr. Chairman, if I might ask a few  
5 questions.

6 Q. Mr. Cheeseman, did I understand you to  
7 say before Confederation you bought two-thirds less  
8 in Canada than you do now?

9 A. That is correct.

10 Q. So there would not be too much business  
11 offering for ships in the Great Lakes?

12 A. That is correct.

13 THE CHAIRMAN: Any further questions?

14 Q. Thank you.

15 ---The witness withdraws.

16  
17 -----

18  
19 THE CHAIRMAN: You spoke of many witnesses,  
20 Mr. Hunt. We have only Monday, Tuesday and Wednesday  
21 and I think if you had a further witness now we might  
22 go on for a further half hour.

23 MR. HUNT: We have the witnesses available.  
24 The next witness is Mr. Rand Matheson, who will  
25 be comparatively lengthy.

26 THE CHAIRMAN: Well, we can start him.

27 -----

28

29

30







RAND MATHESON, called

1 MR. HUNT: Q. What is your occupation or  
2 position, Mr. Matheson?

3 A. Executive Manager of the Maritime  
4 Transportation Commission.

5 Q. Where is that?

6 A. The headquarters are in Moncton,  
7 New Brunswick.

8 Q. And what is your experience in the  
9 transportation field?

10 A. Over 26 years in rail, water and,  
11 indirectly, in air transportation.

12 Q. This is statement No. 1, Mr. Chairman.  
13 Statement No. 1 in the exhibits of the Newfoundland  
14 brief. Mr. Matheson, who prepared that?

15 A. That statement was prepared under my  
16 direction.

17 Q. Under your direction?

18 A. That is right.

19 Q. By your organization?

20 A. By my staff, that is right.

21 Q. Where was the information obtained?

22 A. The information was gathered from rail  
23 tariffs on file, legally on file with the Board of  
24 Transport Commissioners. Also from the water line  
25 tariffs, to which we had access, and I think that  
26 covers it all.

27 Q. What does Statement No. 1 show?

28 A. Statement No. 1 is a comparison of the  
29 normal all-rail; and competitive, all-rail, rail/water;  
30





1 also all-water class rates and the differentials  
2 from illustrative Central Canadian origins to  
3 St. John's, Newfoundland.

4 Q. Mr. Matheson, this might be a good time  
5 to go into these Conference lines. What is the  
6 meaning of the normal all-rail and competitive, all-  
7 rail and rail/water; also all-water class rates and  
8 differentials from these points? Would you explain  
9 the meaning of these headings to the Commissioners?

10 A. First of all, Mr. Chairman, I think a  
11 definition should be given as to what is a class rate.  
12 A class rate applies on those goods that are susceptible  
13 to pay that type of rate and, generally speaking,  
14 consists of the highest rates as published. The  
15 commodity rate, on the other hand, is a rate published  
16 by the carriers in order to facilitate the movement  
17 of traffic and, generally speaking, is lower than  
18 the class rates. When you say "class", there is a  
19 classification issued by the railways, thousands of  
20 items, and divided into carload and less-than-  
21 carload lots. When you take, say, Class 1, that  
22 would, generally speaking cover a less-than-carload  
23 shipment, except in some instances -- shipments of  
24 automobiles where they move and have moved in certain  
25 cases under Class 1 in carload lots. So, in the  
26 classification you have these items rated Class 1,  
27 Class 2, Class 3, and so on. At the present, since  
28 we have had equalized rates effected and a change  
29 in our transportation we find the corresponding  
30 Class 1 is Class 100; Class 85, corresponding to





1 Class 2, and so on. In the tariff you will find the  
2 reference corresponding to the classification as per  
3 the classification tariff. Competitive rates, on the  
4 other hand, are rates established by the carriers in  
5 order to meet the competition in various forms -- it  
6 may be the competition of other carriers or it may be  
7 a question of market competition. We have, for example,  
8 competitive rates to meet the rates of trucks established  
9 by the railways, and rates established by the railways  
10 to meet water competition. Generally speaking water  
11 competitive rates are subject to a terminating date,  
12 they only extend during the period of water competition.  
13 Then, we have another type of rate, called agreed  
14 charges which are not covered within my evidence  
15 unless you wish to develop that.

16 Q. Going back to these Conference Lines,  
17 Mr. Matheson, could you briefly explain to the  
18 Commissioners how this Conference or so-called  
19 Conference evolved?

20 A. Conference Lines are generally operat-  
21 ed in trans-Atlantic companies. That is, a group  
22 of steamship lines get together and form an  
23 association, if you will. It is a very common  
24 practice. We have the Canadian-U. K. Conference  
25 in respect to shipments from Canada. The Canadian-  
26 U. K. Conference, with respect to shipping lines  
27 serving our ports with traffic to the United  
28 Kingdom. For some years we had what was known as  
29 the Associated Newfoundland Lines that published  
30 a tariff containing rates.







1 Q. When was that?

2 A. The Associated Newfoundland Lines?

3 Q. When was that?

4 A. Well, the last several years. I cannot  
5 fix the exact dates, I have not checked into it. They  
6 existed until recently as publishers of a joint tariff  
7 -- that is, a tariff common to the parties to the tariff,  
8 such as Clark Steamships, Newfoundland-Canada, and,  
9 if I remember correctly, Furness Withy, and other lines  
10 who were parties to the tariff. These rates applied  
11 from Halifax and also Montreal to Newfoundland ports,  
12 as specified in the tariffs. Now, recently these  
13 tariffs have been published separately. We have now  
14 on file the tariff of the Clark Steamships and we  
15 have a separate tariff from the Newfoundland-Canada  
16 Steamships.

17 THE COMMISSIONER: Q. Are they the same?

18 A. The rates, as I remember, sir, generally  
19 speaking, are the same from the particular ports in  
20 which they operate commonly.

21 MR. HUNT: Q. Do you remember how many points  
22 they did quote rates from?

23 A. Rates were quoted from Halifax and  
24 also from Montreal to St. John's and, if I remember  
25 correctly, Corner Brook as well.

26 Q. Was there any place west of Montreal  
27 quoted?

28 A. No. Rates in that Associated Lines  
29 Tariff were quoted west of Montreal. However, the  
30 Lake Freight Association, which is an association





1 publishing joint-through-rates for carriers on the  
2 Lakes, did publish rates via Montreal to Corner Brook  
3 and St. John's Newfoundland. This Lake Freight  
4 Association is still functioning and the rates are  
5 still published in their tariffs.

6 Q. These individuals, Clark Steamship,  
7 Newfoundland-Canada and Furness Withy, and the various  
8 members of the All Conference, they now file separate  
9 tariffs?

10 A. I would say they publish separate  
11 tariffs because they are not required to file them  
12 with any regulatory body.

13 Q. Do any of these companies operate west  
14 of Montreal, themselves?

15 A. So far as I know none of those companies  
16 operate west of Montreal, or the Lachine Canal.

17 Q. Would you give a brief history of the  
18 freight increases incurred since Confederation, the  
19 rail-freight increases?

20 A. In Statement No. 1 I referred to two  
21 years, 1954 and 1955. However, there is another  
22 statement.

23 Q. Unfortunately, Mr. Chairman, we  
24 have not sufficient copies for the Board this  
25 afternoon. We will have them available first thing  
26 in the morning. It will go in as an exhibit.

27 THE SECRETARY: This will be Exhibit 16.

28 MR. MUNDELL: Could it be described?

29 THE SECRETARY: Exhibit 16 is "STATEMENT  
30 SHOWING CLASS RATES FROM ILLUSTRATIVE CENTRAL





1 CANADIAN ORIGINS TO SPECIFIED NEWFOUNDLAND  
2 DESTINATIONS ALSO PERCENTAGE INCREASES RESULTING  
3 FROM APPLICATION OF RATE INCREASES TO A BASE YEAR  
4 COMPARED WITH LEVELS OF RATES PRESENTLY OBTAINING".

5 ---EXHIBIT NO. 16: Statement showing class rates  
6 from Halifax, N.S. and Saint John,  
7 N.B. to Corner Brook, Nfld. and  
8 to St. John's, Nfld. into effect  
9 in 1954 and 1955, together with  
10 Statement Showing Class Rates  
11 From Illustrative Central Canadian  
12 Origins To Specified Newfoundland  
13 Destinations Also Percentage  
14 Increases Resulting from Applica-  
15 tion of Rate Increases to a Base  
16 Year Compared with Levels of Rates  
17 Presently Obtaining.

18 THE WITNESS: On page 3 are contained the class  
19 rates.

20 MR. HUNT: That is page 1 of yours, Mr.  
21 Chairman. We removed the other rates.

22 A. From Windsor, Ontario, to St. John's  
23 Newfoundland, for the period April 1st, 1949, until  
24 the present time, which, of course, is indicated  
25 there as April 15, 1955, and the competitive rates  
26 are still in effect. This particular statement  
27 shows that from April 1st, 1949, to the present time,  
28 allowing for the competitive rates into effect,  
29 there has been, in the first-class rate, an  
30 increase of 37.7 per cent. The other percentage  
increases follow down the line and it is not neces-  
sary for me to give the detail, as it speaks for  
itself. From April 1st, 1949, to March 1st, 1955,  
the increase has been 67 per cent on first-class







1 with various other arrangements of increases, down to  
2 the 10th class. On March 1st, 1955, the so-called  
3 equalized bases of rates were established. It is  
4 shown also in the statement the February 28th level  
5 of rates, which was just immediately prior to the  
6 equalized class-rate body coming into effect. In any  
7 event, the important point there is that from April  
8 1st, 1949, to the winter rates which would be in  
9 effect at the close of navigation, the increase is in  
10 the order of 67 per cent on first-class. The pervasive  
11 influence of the water competitive situation from  
12 Windsor, Ontario, to St. John's, Newfoundland, first-  
13 class, shows the increase is only 37.7 per cent.  
14 In other words the competitive rate -- this is the  
15 rail competitive rate -- has held down the situation  
16 to that particular level. Now, the same story is  
17 covered on the next page in connection with other  
18 points, like Toronto and Montreal, and I do not know,  
19 Mr. Counsel, how far you wish me to go into the  
20 explanation of this.

21 Q. Just explain what they represent?

22 A. The rest of these exhibits will speak  
23 for themselves, covering these various points,  
24 showing the increases that have taken place in  
25 relation to the rates as established as of April 1st,  
26 1949, and also adjusted to the April 1st, 1948,  
27 basic level in order to reflect what the increases  
28 otherwise would have been had Newfoundland been in  
29 Confederation at the start of the present increases.

30 MR. MUNDELL: Just to avoid coming back to





1 this point may I ask a question here?

2 Q. I am not quite clear, on the front page,  
3 and it follows right through, (a) to (d), means the  
4 April 1st, 1949 ---

5 A. Incidentally, that was supposed to have  
6 been corrected. It should have been (d) to (a), (b)  
7 to (a), and so on.

8 MR. HUNT: The one that went in has been  
9 corrected, Mr. Chairman.

10 A. And, similarly, all through it is just  
11 the reverse.

12 MR. MUNDELL: Thank you.

13 THE CHAIRMAN: The witness's point is that  
14 the ameliorating effect of water competition has  
15 reduced the increase in freight from 67 per cent to  
16 37 per cent.

17 A. Yes, where the competitive rates have  
18 been established from the Great Lakes. So, the same  
19 pattern is shown throughout.

20 MR. HUNT: Q. Would you continue with the  
21 Exhibit, Mr. Matheson?

22 A. Well, I gave a blanket explanation  
23 of all this mimeographed lot, Which other do you  
24 want me to go on to?

25 Q. Grand Falls.

26 A. From Windsor to Grand Falls you will  
27 notice that the March 1st, 1955, equalized all-rail  
28 and so-called rail-water rate is \$4.55. The rate  
29 as of April 1st, 1949, the so-called Confederation  
30 rate, was \$3.00. So, the increase from Confederation





to the present time is 63.7 per cent, with variations in increases down the line for the other classes. In (b) we have the illustration there of the rate as of February 28th, 1955, which indicates, in the first class, an increase of 51.7 per cent. This is an illustration, too, of what has happened in relation to equalized class rates in this territory from the Ontario area. So that in addition to the increases that were authorized and permitted by the Board of Transport Commissioners in the General Revenue cases, and affecting Newfoundland, pursuant to Confederation there was the equalization of class rates which also had its effect in the rate structure. There is not shown in this exhibit any competitive rates for Grand Falls, inasmuch as the rail class competitive rates from the specified points in Ontario does not apply to points other than St. John's and Corner Brook, Newfoundland.

Q. Those are the only two ports in Newfoundland to get the benefit?

A. Of the competitive class rates. The same thing is shown in connection with the rates from Toronto. Turning now to from Montreal to Grand Falls you find an increase from April 1st, 1949, to the 1st March, 1955, and presently in effect, is in the order of 63.8 per cent.

THE CHAIRMAN: Q. Is not that an illustration of what the last witness said here: Where you have not the competitive rate, the water competitive rate for the all-water carriers to compete with,







1 they are only down from 63 to 51, instead of from 63  
2 to 37?

3 A. The last illustration--- That is right,  
4 sir, the Exhibit shows that.

5 MR. HUNT: Q. Do you know---

6 THE CHAIRMAN: Have you finished dealing with  
7 this table, Mr. Hunt?

8 MR. HUNT: Which one is that, Mr. Chairman?

9 THE CHAIRMAN: This last one.

10 MR. HUNT: I think he has covered that. Oh,  
11 Corner Brook, I am sorry, my lord.

12 A. Just an illustration of Corner Brook.  
13 Take from Windsor, Ontario, to Corner Brook, you will  
14 see there that the Confederation rate, first-class,  
15 of April 1st, 1949, was \$2.76. The competitive rate  
16 from Windsor, Ontario, to Corner Brook, first-class,  
17 as of today and as effected on April 15, 1955, was  
18 \$3.26. This is compared with the equalized all-rail  
19 and rail-water rate of \$4.26, indicating an increase  
20 from April 1st, 1949, to competitive rate level of  
21 18.1 per cent, first-class; viz-a-viz an increase  
22 from April 1st, 1949, level to the March 1st, 1955,  
23 level of 54.3 per cent, again indicating the pervasive  
24 influence of the water competitive situation. Toronto  
25 is a repetition of the previous illustration.

26 COMMISSIONER BELANGER: Q. You mean, the  
27 overall water competitive situation or the U. K.  
28 competitive situation?

29 A. That would be the impact of the U. K.  
30 operated boats, like the Constantine Line and the





Newfoundland Gulf Steamships, from that area.

THE CHAIRMAN: Q. Is it confined to that because they are the only ones who are competing?

A. In addition to that, Mr. Chairman, there is published by the Lake Freight Association the competitive rates via Montreal; that is to say, Canada Steamships will take a cargo from Toronto to Montreal and trans-ship it to Clark Steamships, or others of the lines.

Q. On what standard do their rates fall, into the same standard as the British boats of the two lines or into the standard of rail and water?

A. At the present time they are meeting the Constantine rates as a competitive---

COMMISSIONER BELANGER: That is exactly the point I was driving at.

THE CHAIRMAN: Q. So, there is now competition from Canadian boats with these British boats by means of trans-shipment at Montreal, which you will probably realize is only necessary because of north canal?

A. That is right. At the present time the all-water rate, the rate that I have and which has been made available to me, all-water rate, first-class, from Toronto to St. John's by the U. K. registered boats is \$3.24. This same rate, as of May 20, 1955, applies by the Lake Freight Association Lines. That would be Canada Steamships and connections. However, another exhibit will give you the complete history of that, which will show that last year, for example,





1 the Newfoundland-Great Lakes steamship rates, first-  
2 class, were \$2.45; viz-a-viz the Lake Freight  
3 Association and connections of \$2.62, on a higher  
4 level.

5 Q. The competition is a combination of  
6 Canadian-built and Canadian registered boats, so far  
7 as the Lake Carriers Association is concerned, and  
8 British-built but Canadian registered, so far as the  
9 Clark Steamship is concerned, with the exception of  
10 these three small boats which are Canadian registered?

11 A. I don't just remember off-hand about the  
12 Clark Steamship boats, what their registry is.

13 Q. I think we had better adjourn until  
14 ten o'clock tomorrow morning.

15 MR. MUNDELL: Mr. Chairman, there was an  
16 exhibit left blank during the Ottawa sittings which  
17 was to be furnished by Mr. Gerity and myself,  
18 certain material he had tendered. I believe it was  
19 Exhibit 12. I was wondering if I could file it now.  
20 The title should be "Additional --"

21 MR. GERITY: Additional Material, Mr. Chairman,  
22 from my own notes, containing necessary reference to the  
23 law of Canada and Australia, with which I did not  
24 wish to bore the Commission in Ottawa.

25 ---EXHIBIT NO. 12: Supplementary submission of Dominion  
26 Marine Association.

27 ---  
28 --- (At which time the hearing adjourned at 5:35 p.m.  
29 until Tuesday, July 26, 1955, at 10:00 a.m.)  
30

- - - - -







TUESDAY, JULY 26, 1955

594

1 ---On resming at 10:00 a.m.

2  
3 CONTINUATION OF THE PROVINCE OF NEWFOUNDLAND SUBMISSION

4 THE CHAIRMAN: Are you ready to proceed, Mr.  
5 Hunt?

6 MR. HUNT: Yes, Mr. Chairman.

7 RAND MATHESON, continued

8 MR. HUNT: Mr. Matheson, yesterday you put in  
9 Exhibit 16. Would you clarify for the Commission the  
10 rate as of March 1st, 1955, all-rail and rail-water?  
11 I am sorry, the rate of February 28th, 1955. (April  
12 1st, 1949). That is (c) on the first page of that  
13 exhibit.

14 MR. HUNT: We have copies here, Mr. Commissioner.  
15 Page 1 will not be referred to in the evidence,  
16 Mr. Commissioner.

17 MR. MATHESON: Mr. Commissioners you will see  
18 on Exhibit 16 the first page ---

19 MR. HUNT: That is the second page of the  
20 Commissioner's copy.

21 A. (Cont'd) ---opposite (c) February 28th,  
22 1955 a rate of 4.91. This is not the actual rate  
23 as the statement indicates. It constitutes a rate  
24 that would have been had the rate structure or level  
25 that existed on April 1st, 1949 been increased. In  
26 the interim there was the so-called Newfoundland  
27 Freight Rate Case and the Board ordered the class  
28 rates and other rates reduced to the level which the  
29 Board thought it should be and this item here, the  
30





1 rate rather of 4.91 actually reflects the increases  
2 that would have taken place. It was part of the study  
3 that was requested by the Province of Newfoundland, and  
4 it is not to be taken as a significant figure.

5 The actual rate -- as a matter of fact an  
6 illustration on Exhibit 1, February 28, 1955 first-  
7 class was \$4.30. It is interesting however to note  
8 that the rate from Windsor to St. John's is opposite  
9 (b) on March 1st, 1955 was a rate of \$5.01.

10 Q. On that exhibit, I think Mr. Mundell  
11 brought out yesterday that at the bottom left where  
12 you have the percentages increases, the (a) to (d),  
13 the (b) to (d) and the (c) to (d) should be reversed?

14 A. That is correct. The same thing follows  
15 right through the whole of that particular exhibit.  
16 It should be reversed. That was a typographical  
17 error, as I understand it.

18 Q. On any portion of that exhibit the  
19 percentage increases, the letters should be reversed?

20 A. That is correct.

21 Q. Have you looked into the March 1st,  
22 1951 class rates reduced to April 1st, 1949 level  
23 compared with the normal or competitive class rates?

24 A. Yes, I have. At the request of the  
25 Province another study was prepared showing---

26 Q. Would you just wait a minute, Mr.  
27 Matheson, till I get these around. Exhibit 17 is the  
28 result of a study undertaken by the Newfoundland  
29 Government?

30 A. Yes, a statement showing -- entitled





"Statements showing March 1st, 1951 class rates

reduced to April 1st, 1949 level compared with normal or competitive class rates and percentage increases from illustrative central Canadian origins to specified Newfoundland destinations -- all-rail and rail/water class rates".

You will notice, taking a case from Windsor, Ontario to St. John's, Newfoundland on March 1st, 1951, the rate reduced to March 1st, 1949 level gives a first-class rate of \$2.62. The March 1st, 1955 first-class equalized rate was \$5.01.

Had the rates been properly established in respect to Newfoundland as of April 1st, 1949 the percentage increase viz-a-viz the equalized class rates would have been in the first-class rate Windsor to St. John's 91.22 per cent.

As of April 15th, 1955 the railways established class competitive rates. The first-class was as shown at \$4.13. The percentage increase, therefore the competitive rates viz-a-viz April 1st, 1949 level as adjusted would have been 57.6 per cent. That is an extra trade implementation of the rail competitive rates.

It is of significance to take a look at Grand Falls to which point it does not apply, the all competitive class rates.

On the March 1st, 1951 basis or level as adjusted to April 1st, 1949 viz-a-viz March 1st, 1955 the equalized first-class rates reflects an increase of 93.6 per cent.







1 the  
2 of <sup>^</sup>equalized in connection with Corner Brook. There  
3 are a few other sections throughout this exhibit which  
4 have not been filled in yet. I understand these will  
5 be -- after working on this exhibit -- incidentally  
6 the rest of the figures should be secured sometime this  
7 morning.

8 We turn now to the third page showing from  
9 Montreal to St. John's, Newfoundland. This has been  
10 similarly constructed as in the case of the ones to  
11 which I have already referred.

12 It is to be noted of course that there is no  
13 competitive class rate from Montreal to St. John's,  
14 Grand Falls nor to Corner Brook. The rest of the  
15 exhibit, I believe, speaks for itself.

16 Q. This information on which this is based,  
17 Mr. Matheson, where did you obtain that?

18 A. The information in this particular  
19 exhibit is based on the actual rail tariffs which  
20 are on file with the Board of Transport Commissioners  
21 excepting, of course, there is a fictitious rate, a  
22 fictitious rate of \$2.62 which was never published  
23 but the exhibit explains how it was secured.

24 Q. Did you, Mr. Matheson, look into the  
25 history of the normal all-rail, rail/water and all  
26 water class rates and the resulting rate differentials  
27 for summer navigation?

28 A. At the request of the Province of  
29 Newfoundland other studies were made -- this particular  
30 study was made. On the first page of this study is





1 shown the history of class rates from Montreal to  
2 St. John's Newfoundland from the date of the  
3 Newfoundland adjustment as of March 1st, 1951 to  
4 March 1st, 1955. You will note there the rate of  
5 March 1st, 1951 first-class was 2.60 from Montreal to  
6 St. John's Newfoundland whereas of March 1st, 1955  
7 the rate equalized normal is 3.52. Turning now to  
8 the next page---

9 EXHIBIT NO. 17: Statement showing rate level  
10 comparisons.

11 EXHIBIT NO. 18: Statement showing history of normal  
12 all-rail, rail/water and all water  
13 class rates.

14 Q. Just on that page, Mr. Matheson, on the  
15 bottom there is a reference to traffic moving via  
16 Halifax, Nova Scotia only?

17 A. The "only" should be deleted. That was  
18 a typographical error.

19 Turning to the next page there is contained  
20 all-water class rates from Montreal to St. John's,  
21 Newfoundland for the periods as set forth on the  
22 exhibit.

23 Below that are set forth the differentials  
24 between all-rail, and rail/water rates, which are  
25 incidentally the same from Montreal, viz-a-viz water  
26 class rates.

27 That is to say the all-water rates as of 1955  
28 at the opening of navigation -- we are taking first-  
29 class as an example -- is twenty cents below the all-  
30 rail rate and the rail and water rate.

Q. Is there anything significant in these





1 differentials for the years, Mr. Matheson?

2 A. Attention should be drawn to 1953 where  
3 the first-class differential compared -- with the  
4 opening of navigation in 1955 was twenty cents and in  
5 1951 it is to be noted the first-class differential  
6 has increased from twelve to twenty cents.

7 On the next page there is contained the normal  
8 all-rail class rates from Toronto to St. John's  
9 Newfoundland. It constitutes a history from March 1st,  
10 1951 to March 1st, 1955 when the so-called equalized  
11 class rates were implemented. Below that the next  
12 heading is rail-water class rates normal for the  
13 periods as set forth therein.

14 It is to be noted that these rates parallel  
15 the normal all-rail and class rates. Below that is  
16 shown the competitive all-rail and rail-water class  
17 rates. The first time these were established was in  
18 1954.

19 It is significant to note that since last  
20 year the only rail increase that has been made in  
21 so far as from <sup>Ontario</sup> ^ points and Montreal destinations  
22 are concerned was reflected in the equalized class  
23 rates and there is a reflection, of course, to a  
24 certain degree although it may not be the main cost  
25 but it is interesting to note that the first-class  
26 rail competitive, last year the rail competitive was  
27 \$2.72 and this year it is \$3.33.

28 Below that we have the water class rates of  
29 the Lake Freight Association and connections which  
30 involves trans-shipment at Montreal, for example.







1 Q. Could you illustrate that slightly for  
2 the Commissioners? What service would that be, British  
3 or Canadian?

4 A. That would be Canadian, Canada Steamships  
5 to Montreal and an illustration of a carrying line  
6 would be Clarke Steamships. This represents the  
7 history: we have as set forth therein on April 9th  
8 1951. On August 15th, 1951 the first-class rates was  
9 \$2.64 whereas today, May 20th, the rate is \$3.24.

10 Now, below that we have what is known as the  
11 water service rates. The reason I am using the  
12 Newfoundland-Great Lakes Steamships Line, these rates  
13 were taken from tariffs on file and you will note I  
14 have not got the rates for 1951 so I had to lump  
15 ourselves <sup>two territories</sup> ~~the~~ in that we do these services.

16 You will see there on June 1st, 1952 the <sup>first</sup> ~~the~~ class  
17 rate was \$2.89 and as of April 18th, 1955 the rate  
18 first-class is \$3.24.

19 It is significant to note that the rate was  
20 established by the Newfoundland-Great Lakes Steamships,  
21 according to the tariffs we received, as of April 18th,  
22 1953. The tariff we received in our office covered  
23 the Lake Freight Association and connections and is  
24 dated May 20th, 1955, establishing the same rate,  
25 class rates as via Newfoundland-Great Lakes.

26 However, if you will look at the previous years  
27 comparing those two items or groups of items you will  
28 notice that as constituted today the Lake Freight  
29 Association and connections equalized with the  
30 Newfoundland-Great Lakes Steamship tariffs. I might





add this is according to the tariffs on our files.

Q. Now, all the exhibits you have submitted today so far do they include commodity rates at all?

A. No. These are merely class rates which I have attempted to file yesterday are generally speaking the rate as supplied by the carriers and applies on goods susceptible to obtaining class rates.

Q. Would you turn to the differentials?

A. On the next page there is set forth the corresponding differentials that obtain to and correspond with the information on the previous page. You will notice that on April 20th, 1953 to November, 1953 the differentials that existed between the rail-water rate and the Newfoundland-Great Lakes Steamships first-class was \$1.15.

It is to be pointed out that that year there was no rail competitive class rates prevailing from the Great Lakes. I emphasize "class-competitive rates" prevailing in the Great Lakes.

If you look down below that at April 18th, 1955 you will see the differential between the class competitive rates -- I will emphasize "competitive", and the water rates first-class is ninety cents per hundred pounds.

Q. Does that indicate anything to you as a transportation man?

A. This illustrates to me<sup>the</sup> persuasive influence of the water competition. When you look at the \$1.15 compared with the nine cents differential first-class, I think that bears it out, the fact that in 1953 there





1 was no rail class rates, competitive class rates in  
2 existence from Toronto to St. John's Newfoundland.

3 Q. What are the remaining pages of that  
4 exhibit?

5 A. At the request of the Province of  
6 Newfoundland we prepared an abstract, various  
7 commodities' rates from the tariffs for the years  
8 1951 and 1955. You understand that information was  
9 available for all services in our offices and that  
10 was set forth in this exhibit and the exhibit, I  
11 believe, speaks for itself. I think it should be  
12 added, of course, it does show the competitive  
13 influence when these rates are established by the  
14 rail lines.

15 Q. From the list of goods which are there  
16 would you say it was a comprehensive list, a  
17 representative list?

18 A. I would. I would say it was a  
19 representative list because the commodities represented  
20 are shipped and that traffic would have justified  
21 the establishing of rates of this character.

22 Q. Turning to the brief of the Province  
23 of Newfoundland, you spoke on that submission, No. 1,  
24 yesterday. I believe you told us that you prepared  
25 that from the various tariffs which were forwarded  
26 to your office, is that correct?

27 A. Statement No. 1 is based on the various  
28 tariffs on file at the office of our Commission.

29 Q. Submission No. 2, do you know who prepared  
30 it?







## A. Statement. No. 2 entitled:

"Statement comparing normal,  
"all rail and competitive, all rail,  
"rail/water and all water commodity  
"rates on canned goods from Central  
"Canadian origins to St. John's, Newfoundland."

This particular submission was prepared under  
my direction. I brought to your attention, Mr. Hunt,  
that headnote of the submission:

"Normal, All Rail.

"Competitive, All water and Rail/Water.

"All Water. Differential (Summer)".

This particular statement indicates, of course,  
the normal all-rail rates on canned goods from Toronto,  
Hamilton, London and Windsor, Ontario to St. John's,  
the competitive all-rail, rail/water and all water  
and we set out their differentials, the summer  
differentials where they were obtainable from the  
calculation.

The next page is a submission entitled:

"Statement comparing carload freight  
"rates on canned goods from illustrative  
"Central Canadian origins to St. John's,  
"Nfld., Sydney, N.S. and to Halifax, N.S."

That is for the periods 1954-55. I believe that  
this submission also speaks for itself.

On the next page there is also a comparison  
of L.C.L., carload and less than carload lots:





1 "Statement comparing L.C.L.

2 "(Minimum 5,000 lbs.) and C.L. (Minimum

3 "10,000 lbs.) freight rates on automobiles,

4 "passenger and freight, set up from

5 "Central Canadian origins to St. John's,

6 "Nfld.

7 The following statement contains the rates  
8 on automobiles and trucks set up with explanatory  
9 notes.

10 The next statement compares carload and less  
11 than carload freight rates on iron and steel  
12 articles from Central Canadian origins to St. John's,  
13 Newfoundland.

14 The next is: "Statement comparing normal,  
15 "all rail and competitive, all rail and  
16 "rail/water class rates and differentials  
17 "from illustrative central Canadian origins  
18 "to Corner Brook, Newfoundland."

19 And, this parallels the submission in relation to  
20 Toronto and I do not need to explain it because  
21 I think it speaks for itself as well.

22 Similarly in connection with the statement  
23 on canned goods this parallels the previous  
24 statement in connection with Toronto.

25 The next statement also covers automobiles  
26 in respect to the destination Corner Brook and is  
27 the same thing as set up in the previous one.

28 Then, the next statement compares C.L.C. and L.C.  
29 freight rates on automobiles, passenger and freight,  
30 set up from Central Canadian origins to Corner Brook Nfld.





1 Q. These exhibits, I understand, were  
2 prepared by you or under your direction?

3 A. They were prepared under my direction in  
4 my office.

5 Q. Mr. Matheson, would you summarize for  
6 the Commission the situation with respect to class  
7 rates of various carriers from Toronto and Montreal  
8 to Newfoundland?

9 A. As of the present time a summary of this  
10 submission, class rates from Montreal all-rail and  
11 rail/water are the same. All water are lower as set  
12 forth in the exhibits. From Toronto the normal  
13 class rates are effective from the close of the season  
14 of navigation and are higher than the rail and water  
15 normal and the same as all-rail. The competitive  
16 all-rail and the Lake and rail are the same.

17 The Lake Freight Association and connections  
18 and all water rates as of this year as published as  
19 to the commodities indicated in the tariff are the  
20 same and these Lake rates are differentially lower  
21 than the competitive all-rail and considerably more  
22 lower than the normal all-rail rates. I think that  
23 covers that.

24 Q. Then, is there anything of significance  
25 that you can point out between the water class rates  
26 from, for example, Toronto to St. John's and the class  
27 rates from Montreal?

28 A. If you go back to Exhibit 18, on  
29 Exhibit 18, the first page, you will notice there  
30 that the first-class rate from Montreal to St. John's,







1 Newfoundland as effective on March 1st, 1953, all-rail  
2 is \$3.52. Now, if you will turn to the third page,  
3 you look down to the competitive all-rail and rail/  
4 water class rates from Toronto to St. John's,  
5 Newfoundland, you will notice that the figure is  
6 \$3.33, which is nineteen cents per hundred pounds  
7 lower than the rates from Montreal, which, according  
8 to the Canada Steamship Lines tariff on file with  
9 the Board of Transport Commissioners is 337 miles  
10 farther from Toronto. That is to say there is a  
11 lower class rate in effect from Toronto than there is  
12 from Montreal.

13 Q. I am sorry, I did not hear all your  
14 answer. Did you mention the Lake Freight Association  
15 in your answer? Did you refer to the Lake Freight  
16 Association?

17 A. No, I didn't.

18 Q. Can you---

19 A. If I did, I did not intend to.

20 Q. Can you give any comments on the  
21 significance of the direct water class rates from  
22 Toronto to St. John's as compared with the Lake Freight  
23 and Connections?

24 A. If we turn to sheet 3, again you will  
25 notice that as of April 18th, 1955 the Newfoundland-  
26 Great Lakes steamship's rate first-class was \$3.24  
27 and as of May 20th, established as of May 20th, the  
28 Lake Freight Association and Connections' rate is  
29 \$3.24, but if you will look at the previous years  
30 this equality did not obtain. That is to say, the





1 Lake Freight Association and Connections' rates were  
2 higher than the direct all-water rates, the class  
3 rates as published. When I say "as published", as we  
4 have on file.

5 Q. You have been giving statistics on class  
6 rates, Mr. Matheson, and yesterday you said you thought  
7 they reflected the highest rates of the Great Lakes.  
8 Now, can you give the Commissioners any information  
9 on the proportion of goods that moves on class rates  
10 from Central Canada to Newfoundland?

11 A. There are not very much statistics  
12 available in connection with the traffic movement  
13 between the Provinces. However, the Board of  
14 Transport Commissioners have since 1949 been conducting  
15 a waybill study with a sample of four days, how much  
16 it increased or changed over the year to 1954 on  
17 one comparison basis. Our Commission in connection  
18 with the so-called equalized cost had some special  
19 studies struck off from the waybill studies.

20 We requested the Board of Transport Commissioners  
21 to give us this information and they kindly did so.  
22 When this information, which is also as a sample of  
23 four days, we determined that all the traffic movement  
24 by rail from Ontario to Newfoundland -- and I am using  
25 carloads now, in carloads 90 per cent of the traffic  
26 moved on class rates according to this particular  
27 information and in our calculations from the waybill  
28 study.

29 This, of course, indicates a preponderance of  
30 the high value of goods and consumer goods that moves





1 to the Province of Newfoundland. A somewhat smaller  
2 value obtained in connection with the Maritime  
3 Mainland. In other words, a quantum of class rate  
4 traffic or traffic in carloads, using the cargo basis,  
5 moved to the Province of Newfoundland.

6 This represents quite a substantial movement  
7 inasmuch as -- I am speaking from memory so subject  
8 to check -- that in Canada the quantity of traffic  
9 that moved on class rates has been roughly worked out  
10 for the whole of Canada at something like 20 per cent.

11 Now, there has been various changes made in  
12 the interim in connection with commodities such as  
13 canned goods and by rail. I am speaking now of  
14 water rates which have been reduced to meet competition  
15 there so there may be a change in the pattern of  
16 traffic with respect to what is classified as "class"  
17 and what is classified as "commodity" and what is  
18 classified as "competitive" in the interim.

19 Q. Mr. Matheson, from these exhibits  
20 which you have made it appears that our water rates  
21 from Toronto are cheaper than Montreal. Can you,  
22 as a transport man, give an explanation of this?  
23 We can buy cheaper from Toronto to St. John's  
24 than from Montreal to St. John's.

25 A. Yes. Well, the all-water rates are  
26 differentially lower than the all-rail rates.  
27 I cannot give you any information as to the  
28 volume of traffic of "all-water". I do not  
29 know whether there is any official compilation  
30







Rand Matheson

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in that regard. That would be a matter of  
the Canada Steamship Lines compilations if they  
compile them.

(Page 609 follows)





1           However, if the traffic is going to publish  
2 rates on the lower level or lower basis or even at  
3                                   in my opinion  
4 lower class rates it does <sup>show</sup> the class of competition  
5 and that they are able to carry them at a lower basis,  
6 perhaps you might call it the inherent advantages of  
7 water transportation which obtain. I do not know  
8 whether that is an answer.

9           Q.       Thank you. Can you explain to the  
10 Commissioners briefly the equalization or the  
11 results of the equalization of freight rates from  
12 Ontario?

13           A.       Well, the studies of our Commission  
14 have indicated that in respect to the Province of  
15 Ontario both between Ontario and the Maritime  
16 mainland and Newfoundland, that the equalization  
17 has resulted in an increase in rates, class rates.  
18 Of course, that is all the Board did in its investiga-  
19 tion of this phase of the case.

20           Q.       Do your records show when exactly the  
21 summer water competitive rates were instituted?

22           A.       The rail water competitive rates  
23 schedules show they were instituted last year for  
24 the first time. That is the class water competitive  
25 rates and the rail-water competitive rates from  
26 Central Canadian -- Ontario origins to Newfoundland  
27 were first implemented, according to our records,  
28 as of last year.

29           Q.       And I believe that these rates are  
30 only to the Ports of Corner Brook and St. John's?

          A.       Right.





1 Q. Have you any knowledge of an agreement  
2 between the Canadian National Railway and the carriers  
3 at Montreal or Halifax?

4 A. The only information that I have as to  
5 an agreement between or the existence of an agreement  
6 between the water lines and railways is that as set  
7 forth in Exhibit No. 19 that was filed in the  
8 Newfoundland case of the Canadian National Railways.  
9 This agreement gives no date but is, if I may say,  
10 an agreement that was entered into between the  
11 Canadian National Railways Company and Furness Withy  
12 Company having to do with traffic interchanged  
13 between Montreal and Halifax and Newfoundland, <sup>and</sup> the  
14 Ports of Corner Brook and St. John's, Newfoundland.

15 MR. MUNDELL: I was wondering whether this  
16 had been identified.

17 MR. HUNT: I am sorry.

18 THE CHAIRMAN: Exhibit 19 is an agreement  
19 between the Canadian National Railways and Furness  
20 Withy and Company Limited dated the blank date of  
21 blank 1949.

22  
23 ---EXHIBIT NO. 19: Agreement between Canadian  
24 National Railway Company and  
Furness Withy and Company  
Limited.

25 THE WITNESS: This, of course, exhibit speaks  
26 for itself.

27 MR. HUNT: Q. Would you refer to any portion  
28 of it which would have an impact on transportation?

29 A. Well, take page 3 thereof -- I might  
30 add that I do not know whether there is an agreement







signed as of the present time.

Q. Well, do you know if this was ever executed?

A. According to the evidence that was given in the Newfoundland case, that the transcript will show, such agreements were entered into. As of the present time I have not seen any agreement so I can't say that there is an agreement but I might add it is the usual practice when interchanging goods between the railways and steamship lines to set out certain agreements in connection with the interchange charges.

However, if we turn to page 3, this is Section 1, Sub-section (1) which reads:

"The Steamship Company agrees that  
"except for occasional voyages which shall  
"require the prior approval of the Railway  
"Company, which approval shall not be  
"unreasonably withheld, it will not  
"transport by water to and from Newfoundland  
"any freight shipments other than bulk  
"cargo originating at or destined to points  
"west of Montreal, including the Lachine  
"Canal."

Q. I believe you have already mentioned that you have no knowledge of a present agreement between the Canadian National Railways and the carriers?

A. I have not seen any agreement other than my general knowledge that it is the customary





1 practice, as already stated, to have an agreement  
2 entered into for various charges and things of that  
3 nature.

4 Q. Can you state as a fact, Mr. Matheson,  
5 who controls the movement of cargo and goods during  
6 the winter months from Central Canadian points to  
7 Newfoundland?

8 A. Of course, the original carrier who  
9 is in this case eastbound.

10 Q. Do you know if the Constantine Line or  
11 the Newfoundland-Great Lakes Steamship Lines have  
12 ever obtained cargo during the winter months out of  
13 Halifax or St. John's?

14 A. I could not say.

15 Q. Can you give any information, Mr.  
16 Matheson on the history of the direct water service  
17 from Central Canadian ports to the Maritime  
18 Provinces other than Newfoundland?

19 A. In the early thirties or thereabouts  
20 regular common carriers began perhaps a revival of  
21 a regular service between the Great Lakes and  
22 St. Lawrence River ports and ports in the Maritime  
23 mainland.

24 The services were supplied by Newfoundland  
25 registered boats, Inter-Provincial Steamship Lines,  
26 and continued until approximately the outbreak of  
27 war or shortly thereafter when these boats were  
28 taken over for trans-Atlantic service in connection  
29 with the transportation of goods to the U. K. by  
30 the way, as I understand it, or some other deep sea





1 service.

2 When the service was established the railways  
3 implemented quite a number of **no** competitive rates  
4 to meet the water competition. Indeed the rates were  
5 slashed quite an amount, quite a bit from the Head  
6 of the Lakes for grain, flour, food and canned goods  
7 in an eastbound direction and one of the main cargoes  
8 was sugar from Halifax and St. John, New Brunswick.

9 The rates that the railways had implemented to  
10 meet this competition were more or less maintained  
11 at the low level and then of course along came the  
12 Wartime Prices and Trade Board Regulations and a  
13 ceiling was placed on rail rates along with other  
14 services and commodities and were frozen until the  
15 termination of the war or some period after the  
16 termination of the war.

17 In the fall of 1948 subsequent to the  
18 removal of the Wartime Prices and Trade Board  
19 ceilings the railways allowed a number of these  
20 competitive rates to expire. One of the principal  
21 commodities in that respect was canned goods  
22 eastbound and they were not re-established at the  
23 opening of navigation in 1949. There were other  
24 commodities as well but canned goods, I think,  
25 will serve as a good illustration, where it  
26 constituted one of the principal items that was  
27 moved by water eastbound and if the railways had  
28 established a competitive rate ---. On July 2nd,  
29 1949, directly as a result of the curtailment of  
30 the competitive influence that previously had







1 obtained the rail rates on grain and grain products  
2 were adjusted upwards, and, as I remember it and  
3 the flagging of competitive rates had been removed.

4 This, of course, is an illustration of what  
5 happens when competition lessens. It is discretionary  
6 with the carriers and the railway to meet competition  
7 as they see fit.

8 Competition no longer existed between certain  
9 Canadian Provinces on a regular service basis and the  
10 Maritime mainland.

11 Actually as I see it, they adjusted their rates  
12 upwards as the competition was not on a regular basis  
13 in connection with particular commodities as it had  
14 been in the thirties.

15 Q. Had there been any service instituted  
16 by ships since that time?

17 A. There has been no regular common  
18 carrier service between the Maritime mainland and  
19 Central Canadian ports. There has been infrequent  
20 cargoes, of course, carried which now are done by  
21 various boats, that is package freight, we will say  
22 as an illustration, to the ports in the Maritimes  
23 and Sydney, and Charlottetown and Summerside last  
24 year.

25 Q. Can you see any parallel in the  
26 Maritime case and the figures in the exhibits you  
27 have put in?

28 A. The parallel is that when there is  
29 pervasive competition the railways will reduce their  
30 rates to meet that competition, and when the





1 competition lessens, when the condition of the  
2 carriers becomes such they cannot either service on  
3 a regular basis or for any other reason then the  
4 railways -- the pervasive competition is not as strong so  
5 therefore the rates are withdrawn by the rail carriers.

6 Of course, one of the most cogent illustrations  
7 was the termination of the competitive rates during  
8 the winter months from the Great Lakes, St. Lawrence  
9 Way to Newfoundland.

10 Q. Can you give a brief history of the  
11 water regulation for Lake traffic to and from Montreal?

12 A. When Bill B was introduced before  
13 the Senate in 1937 to provide for the regulation  
14 of coastal service and inter-coastal service as far  
15 as this territory was concerned, I am <sup>speaking</sup> with respect  
16 to the Maritime mainland <sup>now</sup> our Commission appeared  
17 before the Senate Committee, Mr. Howe was the  
18 then Minister of Transport and the bill was placed  
19 before the Senate Committee before going to the House  
20 of Commons.

21 We appeared in strong opposition to the  
22 regulation of water transport for the coastal waters  
23 of the Maritime territory, and in respect  
24 to traffic between the Maritime territory and the  
25 Great Lakes, St. Lawrence Waterway and with respect  
26 to traffic between the Atlantic West Coast and the  
27 Pacific Coast.

28 Our representations in that regard before  
29 the Senate Committee is contained in proceedings  
30 of the Standing Senate Committee on railways,  
telegraphs and harbours on Bill B No. 3, Tuesday,

on the basis of the following:

1. The fact that the territory is not as yet

2. The fact that the territory is not as yet

3. The fact that the territory is not as yet

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27. The fact that the territory is not as yet

28. The fact that the territory is not as yet



1 February 16th, 1937, pages 47 to 60 and pages 70 to  
2 79.

3 At that time we felt that -- we did not ask  
4 for regulation of our coastal service but we felt  
5 looking at it from the view that the pattern of  
6 rates and competition bears two commodities, would  
7 not be flexible if our freight rates were tied into  
8 any regulatory basis providing differential relation-  
9 ships, on differential relationship basis tied to  
10 the rail rates.

11 We did not concur in regulations for  
12 regulations' sake and we strongly opposed it with  
13 the result that when the Bill was finally -- I  
14 believe it was Bill 32 when it was finally passed  
15 before enactment in 1938, we were exempt from  
16 regulations whereas the regulations did apply from  
17 the western tip of the Island of Orleans to the  
18 Head of the Lakes.

19 Those exceptions were not provided as in  
20 the case of Canadian Steamships today by Order-in-  
21 Council 2442 of April 25th, 1952 as set forth in  
22 44 J. O. R. at page 433, that Canadian Steamships  
23 are not subject to regulation between Montreal and  
24 the City of Quebec. That is, they didn't have to  
25 obtain licenses or file tariffs.

26 Our understanding on the history of regulation  
27 on the Great Lakes and the range that had been  
28 accepted thereto, was that by agreement between  
29 the railways and the lines, the rates had been  
30 maintained on a differential relationship basis,







1 even before the Transport Commissioners have  
2 approved or permitted the differential relationships  
3 obtaining on increases to rail -lake and rail traffic  
4 to Western Canada, in relation to all-rail rates from  
5 West Lake ports to the Head of the Lakes and in  
6 relation to all-rail rates; so this pattern did  
7 obtain before. That is this time it was a re-  
8 adjustment of the rail rates and there was a following  
9 through in connection with the Lake rates.

10 We felt in so far as the Maritime territory  
11 was concerned we did not want to keep our rates tied  
12 to the all-rail rate structure subject to changes  
13 that would stem from such adjustment trimming.  
14 The Section in the Order does provide for the  
15 usual differentials maintained between Lake rates  
16 and rail rates. For years the first-class  
17 differential between the Lake and rail rates was  
18 25 cents per hundred pounds.

19 That is in essence the main reason why we  
20 did not want to tie into any fixed relationships  
21 in regard to our rail rate structure.

22 Q. You have been referring to the basis  
23 of that. Is your present opinion the same in that  
24 respect?

25 A. I have not yet seen any reason for  
26 regulation of water transport between the Maritimes  
27 and Central Canada or vice-versa for that matter.  
28 I think perhaps it may come. I think we may feel  
29 regulations are a necessity. I do not think that  
30 the situation has sufficiently changed to change





1 our position that was taken in 1937-1938.

2 Q. It was your opinion it would narrow  
3 the differentials between the water carriers?

4 A. I would not say necessarily narrow.  
5 The water rate and the rail rates would be related.

6 Q. You have referred to tariffs from  
7 various steamship lines filed. This group did,  
8 we understand, have an agreement with the C. N. R.

9 Have you any of those tariffs available for the  
10 Commission?

11 A. We have tariffs on file. For example,  
12 the rail and water tariffs are on file. They are  
13 on file with the Board of Transport Commissioners  
14 and can be obtained upon request.

15 Q. Have you any available today for the  
16 Commission?

17 A. No, I have not got those, nor have I  
18 any of the steamship line tariffs. I have copies  
19 on file. If the Members of the Commission wish to  
20 get them we can get them.

21 Q. Just to identify two exhibits in the  
22 brief, Mr. Matheson, I refer to you Exhibit 3 of  
23 the Newfoundland Brief?

24 A. Yes, Exhibit 3, and the page before,  
25 I think I had reference to it as well. The first  
26 one is a statement showing cargoes of certain  
27 commodities loaded at Newfoundland ports where there  
28 is a collector of customs and excise for the year  
29 ending December 31st, 1953.

30 These were extracted from the shipping

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ending December 1st, 1955.

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1 reports issued by the Dominion Bureau of Statistics  
2 for the year ending December 31st, 1953 Volume No. 3.

3 Q. Is there any possibility of a difference  
4 in those figures?

5 A. Yes, on page 6 of this particular  
6 issue of the Dominion Bureau of Statistics the  
7 freight load is shown as 1,681,597 but on page 134  
8 the cargo loaded specified points is shown as  
9 1,123,185.

10 Q. I think you should put on the record---

11 A. The shipping report year ending  
12 December 31st, 1953 issued from the Dominion Bureau  
13 of Statistics, Public Finance and Transportation  
14 Division, as explained at the headnote, the data  
15 is compiled from information where they have a  
16 collector of Customs and Excise, and it may be that  
17 the difference arises from the fact that there  
18 might be a shipment unloaded at a port that is not  
19 supplied with this data and discharged at a Canadian  
20 mainland port where they have a Collector of Customs  
21 and naturally it would show as a freight load in  
22 the Province of Newfoundland.

23 Q. There are two figures in the brief.

24 A. That is correct, and this explanation  
25 I have got or have received from discussing the  
26 matter with Mr. Lowther of the D. B. S.

27 Q. You prepared that from that Division  
28 in the page before Exhibit 3. Tonnage cargo  
29 inward into Newfoundland from Mainland Canada in  
30 1954 on C. N. R. and Regular Steamship Lines. Did







1 you prepare that?

2 A. No, I did not prepare that information  
3 at all but I did prepare the following one in so far  
4 as the statement showing cargoes of certain commodities  
5 unloaded at Newfoundland ports.

6 Q. Would you give the Commission your  
7 opinion as to the result of restricting the coastal  
8 trade of Newfoundland to Canadian vessels?

9 A. It is my considered opinion that  
10 considering the cost angle that the costs of operation  
11 would be not the costs as reflected in the information  
12 that has already been given; it is higher on the  
13 Canadian vessels than in the case of U.K. or other  
14 Commonwealth registered ships and that there is an  
15 increase in costs resulting from debarring them from  
16 cabotage which will probably force the Canadian  
17 operators on shipping services to request higher  
18 freight rates.

18 MR. HUNT: Mr. Chairman, we have the  
19 percentage increases for Corner Brook.

20 THE CHAIRMAN: What exhibit is that?

21 MR. HUNT: That is Exhibit No. 17 with  
22 corrections made.

23 MR. GERITY: Mr. Chairman, I wonder if  
24 the Reporter would be kind enough to tell us the  
25 last few exhibit numbers, 16, 17, 18 and 19.

26 THE CHAIRMAN: Exhibit 17 and 18 is a  
27 history of the rates. Exhibit 19 is the agreement  
28 between the Canadian National Railways and Furness  
29 Withy.  
30





1 MR. GERITY: What is Exhibit 16?

2 THE CHAIRMAN: Exhibit 16 represents a  
3 comparison table.

4 Mr. Mundell, would a conference with your  
5 co-counsel and your economist assist you before  
6 we proceed with this examination?

7 MR. MUNDELL: I think it might, Mr. Chairman.

8 THE CHAIRMAN: Then we will recess for ten  
9 minutes.

10 ---Recess at 11:15 a.m.

11 -----

12 ---Resumed at 11:35 a.m.

13 MR. MUNDELL: Q. Mr. Matheson, the very last  
14 matter with which you dealt was the question as to  
15 whether if the coastal trade were confined to  
16 Canadian registered vessels, you said you thought it  
17 would produce a higher rate and I think you said it  
18 was because of the cost. As I understand it from  
19 the exhibits there is now a rate from Montreal for  
20 Canadian owned vessels that is equivalent to the  
21 British bottoms operating on that line. Why would  
22 there be an increase above that rate?

23 A. From Toronto the water rate of the  
24 Lake Freight Association and Connections and the  
25 direct water route, which happens to be by U. K.  
26 boats, are the same for the first time this year.  
27 In as far as Montreal is concerned, it appears to  
28 me in my interpretation that the Lake Freight  
29 Association and Connections have met the direct  
30 water rate.





1 Q. Would you say they were running at a  
2 loss, the Lake Freight Association?

3 A. I couldn't say. I do not know whether  
4 they are running at a loss or not.

5 Q. In other words you do not know whether  
6 their costs are such that they would have to increase  
7 their freight rate?

8 A. They are meeting it and there is no  
9 source of information where I can get that.

10 Q. Was your prediction that the rates  
11 would be increased simply a hunch?

12 A. No. I am predicating my statement  
13 which I have used there, it would have a tendency,  
14 I am predicating that on the experience in connection  
15 with the Maritime mainland where we have no regular  
16 common carrier service at the present time which  
17 had been supplied by a regular service, the Inter-  
18 Provincial, for example, and remembering where there  
19 is a service which has not been re-established.

20 Q. Why do you say it has not been re-  
21 established, because it cannot compete with the  
22 railways?

23 A. The railways have implemented  
24 competitive rates and also a reasonable presumption  
25 is that there is not sufficiently attractive  
26 revenue for the service to be re-established.

27 Q. Obviously the service cannot be  
28 totally discontinued. I mean, the situation is  
29 not really parallel in that respect?

30 A. Looking at it from the Great Lakes'







1 point of view, the service has been supplied from  
2 that territory, and has been supplied by U. K.  
3 vessels at a lower schedule until this year than by  
4 the connecting service via Montreal.

5 Q. Do you just feel that there would be  
6 a tendency to have these rates increased if British  
7 bottoms were excluded?

8 A. Definitely. The main point I think in  
9 essence is that if the costs of Canadian carriers  
10 are higher, keeping in mind the competition with  
11 the railways they would have to get higher revenue  
12 and to the extent that the revenue has to be higher,  
13 the freight rates in so far as Newfoundland and the  
14 Maritime mainland are concerned would have to be  
15 increased.

16 Q. Have you studied the possible effects  
17 that the opening up of the St. Lawrence Seaway might  
18 have on this rate by way of eliminating trans-  
19 shipment and that sort of thing?

20 A. We have at the last moment given some  
21 thought to it and made some effort in the time  
22 available to us. We have not gone into it  
23 exhaustively. Unfortunately we did not have time  
24 to go into the detail in order to acquire the  
25 proper conclusion or the proper effect. As it  
26 is now it is conjecture and I would prefer not to  
27 get into conjecture.

28 Q. I was wondering whether you were not  
29 conjecturing that the Canadian Line could not be  
30 operated at the same rate as the British bottoms,





1 and as to whether their costs would go up.

2 A. It is common practice with carriers  
3 oftentimes to meet competition they may go down to  
4 the level of the out-of-pocket costs in order to  
5 attract traffic and perhaps that is something that  
6 might be attributable to the overall burden.

7 The railways, for example, in connection with  
8 the agreed charges reduce their rate to the level  
9 to meet whatever the competition is and if all their  
10 rates were on that level they would not be able to  
11 make their expenses.

12 Q. You do feel, in a sense, they would  
13 go up depending on their costs. If Canadian owned  
14 bottoms, which you say have higher costs, are  
15 operated at these costs, possibly the rates of  
16 the British ships are too high. Would that be a  
17 possible interpretation?

18 A. I do not know whether that necessarily  
19 follows.

20 Q. I was really coming to the possible  
21 regulations to reduce rates.

22 A. Regulations will never reduce rates  
23 in so far as the Maritime Provinces and the Central  
24 Canada is concerned.

25 Q. Why do you say that regulation has  
26 reduced the rates in other areas?

27 A. After the Transport Act was passed ---.

28 Q. Regulations for that purpose have kept  
29 the rate down on the Western Railways, for example?

30 A. In answer to that question after the





1 Transport Act was passed Colonial Steamships Limited  
2 and McKellar Steamships Limited which operate in the  
3 Great Lakes, on their own initiative endeavoured  
4 to reduce rates from Cobourg to Goderich,-- to  
5 Goderich to the Head of the Lakes on canned goods  
6 by 25 cents. Those rates were published in tariffs  
7 and filed in the Board of Transport Commission.

8 After the Transport regulations became effective  
9 the Canadian Freight Association and others complained  
10 to the Board of Transport Commissioners under Section  
11 24 of the Transport Act.

12 The decision in that particular case is  
13 reported in 50 C. R. T. C. page 284 and what happened  
14 in essence in that particular case, pursuant to the  
15 complaint to the Board of Transport Commissioners  
16 the Board ordered the Colonial Steamship Lines and  
17 the McKellar Steamship Lines to increase their rates  
18 back again to  $38\frac{1}{2}$  cents on canned goods in lieu of  
19 the 25 cents because it violated Section 24 of the  
20 Transport Act.

21 Q. You have further instances of a  
22 similar decision, have you?

23 A. I have not checked through them all  
24 but the fact is that differential relationships are  
25 obtained and authorized or permitted by the  
26 Board of Transport Commissioners does indicate  
27 that there is a relationship existing between the  
28 rail rates and the water rates but, I think, in my  
29 opinion this case is sufficient to indicate what  
30 control can do if a line goes below a rate.







1 Q. In all instances?

2 A. I did not have the time to delve through  
3 the various cases that have been before the Board of  
4 Transport Commissioners in cases of this kind but this  
5 is a specific instance of a case where two steamship  
6 lines undertook to reduce their rate, complained  
7 against by the railways association and other  
8 steamship lines operating in the Great Lakes and  
9 the Board ordered the rate back to  $38\frac{1}{2}$  cents.

10 Q. You have not got any other specific  
11 example?

12 A. No, that is the one I happened to pick  
13 up in the limited time I had.

14 Q. You say your objection to regulation  
15 is that regulation would tend to increase the rates?

16 A. That is it.

17 Q. You predicate that on the one example?

18 A. That is one case I was able to pick up.  
19 I did not go through all the C. R. T. C.'s.

20 Q. I wonder for the record whether you  
21 could describe the work your Commission does?

22 A. The Maritime Transportation Commission  
23 was first constituted in 1925 by a group of  
24 businessmen and subsequently known as the Trans-  
25 portation Commission of the Maritime Provinces and  
26 the name has been changed to the Maritimes Trans-  
27 portation Commission. It is supported financially  
28 by the four Provincial Governments and authorized  
29 by those Governments. Its purposes as a commission  
30 is to get the best possible transportation available





at the lowest possible cost on behalf of persons  
in industry in the Maritime territory, of course,  
including Newfoundland and also to carry on investigations of various kinds in connection with transportation operations of Maritime shipping from the shippers' viewpoint etcetera.

Q. Coming to the problem of the Conference Line. I think you said at one time that they published joint tariffs, Furness Withy, Clarke Steamships and other companies. How long ago was that?

A. I believe the last tariff that we have on file was last year.

Q. That was a joint tariff?

A. That was a joint tariff.

Q. That is the last joint tariff?

A. As I say, this is subject to a checking. I could get it for the Commission at Halifax after I get back if you wish it in more detail.

Q. I understand now they are separate tariffs?

A. Their separate tariffs are being published.

Q. But just coincidentally they are all alike?

A. I wouldn't like to go that far to say that they are all alike. I would have to take the time to check just to see how they do stand. I believe that my assistant in my office -- this is hearsay -- did tell me that there was some difference





1 in connection with some commodities. I would have  
2 to check that to give you a definite answer. I would  
3 not want to say exactly the same.

4 Q. Do you conclude from that that there  
5 is an agreement or a combine or that sort of thing?

6 A. In my experience in the steamship  
7 business where a Conference Line has been existing,  
8 for example -- I think I mentioned yesterday about the  
9 Newfoundland eastbound  
Canadian-United Kingdom Conference which issued  
10 tariffs and issued rates, common rates to all the  
11 lines, members of the Conference.

12 Perhaps if you want to get a good illustration  
13 of what a "Conference" is I would like to refer you  
14 to the shipping case as reported in Volume 45 J.O.R.,  
15 Judgment Orders, Regulations and Rules, of the  
16 Board of Transport Commissioners dated July 5th,  
17 1955, Number 7 at page 205 where the Commissioner  
18 Guthrie asserts the statement from the evidence of  
19 what a "Conference" line is.

20 Now, going back to my own experience where  
21 it has been found a Conference, where there has  
22 been an understanding in connection with their  
23 freight rates -- I have in mind the tariff from  
24 Halifax and the service from Boston where the rate  
25 varies considerably where we endeavoured to keep the  
26 rate on a par.

27 Q. Do you think these Conferences are in  
28 the public interest or not?

29 A. Well, I will answer that this way.  
30 In the United States the Freight Rates Association,







as a result of a Bill being implemented, Section 15 of the Inter-State Commerce Act, and in order to get away from the Combines Act, for the railways to publish joint rates ---

Q. Maybe my question was a little too wide. Assuming there is a Conference in respect to shipping coming towards Newfoundland do you think it is in the public interest?

A. In connection with the United States and in connection with the Marine, they have gone very definitely to the Conference Lines for the purpose of keeping the rates stable and so on and obviating competition. They apparently found that it was in the public interest.

Q. In that instance or in those instances?

A. In this instance.

Q. What do you think about Conferences in so far as it applies to shipping rates to Newfoundland?

A. In so far as Conferences are concerned or provisions---

Q. In this particular application.

A. If you are looking at it in connection with this Province it may be in restriction of trade and then it may not be. The principle of such Conference is that they can act independently if they see fit.

Q. What about the effect on rates?

A. The effect of the Conference on rates?





1 Q. Yes.

2 A. Well, as a rule they tend to stabilize  
3 rates, and it may be a question of stabilizing rates,  
4 whether it is in the public interest or not and that  
5 depends, as long as---

6 Q. What do you think?

7 A. As long as the combine is not restricted  
8 and in restraint of trade. I think they have several  
9 cases in regard to this Anti-Trust Act in the  
10 United States where they publish joint rates without  
11 restricting anybody, so if you want to---.

12 Q. In the case of the Commission regulating  
13 rates, where they approve the Conference?

14 A. Oh yes, in the United States they are  
15 regulated.

16 Q. Assuming there is a Conference, that is  
17 the one we are talking about here, what has been its  
18 effect on the shipping rates into and out of  
19 Newfoundland?

20 A. You want me to make a statement dis-  
21 crediting them or something like that?

22 Q. I would like to know what the effect  
23 has been?

24 A. I can't say. I cannot say what in  
25 any operation -- I have not seen figures to know  
26 whether the rate yesterday was one rate and it is  
27 another or lower rate today. It possibly may be  
28 there has been an increase in the rail rates. I  
29 actually do not have a statement of the various  
30 increased rates.





1 Q. You are not prepared to say what the  
2 effect of the Conference has been on the freight rates  
3 into and out of Newfoundland?

4 A. I couldn't say that they resulted in  
5 increased rates or lower rates. They publish their  
6 tariff so they must have agreed on the rate. I cannot  
7 actually tell you that they resulted in higher rates  
8 or otherwise.

9 Q. You cannot say?

10 A. I cannot say that.

11 Q. Would you think it would be desirable to  
12 have a Conference, if supposing shipping was brought  
13 under the Combines Act?

14 A. As I understand it, there is no  
15 association now to the lines operating between  
16 Montreal and Halifax and Newfoundland because they  
17 do not publish joint tariffs.

18 Q. That is not actually essential in the  
19 . association?

20 A. No.

21 Q. You do not know whether it would be  
22 a good thing or not to bring them under the Combines  
23 Act?

24 A. I have not gone into that particular  
25 aspect of whether the Combines Act is applicable or  
26 not applicable per se.

27 Q. I mean the principle of it. Let us  
28 say for freight competition, in other words?

29 A. Well, in the Transportation Freight  
30 Association you get regulation of the Freight







1 Association for the purpose of publishing joint  
2 rates.

3 Q. They are subject to regulation, of  
4 course?

5 A. They are subject to regulation.

6 Q. You are opposing regulation, but at  
7 the same time I am trying to find out whether you  
8 are in favour of any restriction or making regulation  
9 in the case of the shipper?

10 A. Well, you have cases where you have no  
11 regulation with Conferences today in Canada, with the  
12 Canadian-United Kingdom eastbound Conference.

13 Q. That is ocean-going, of course?

14 A. Yes. They are not regulated. Perhaps  
15 if I read this section---

16 Q. No, I think it will go on the record  
17 anyway. You were asked one question and I am not  
18 sure I got your answer. I think you were asked why  
19 were the rates lower from Toronto to St. John's  
20 than they were from Montreal to St. John's. I  
21 did not get your answer. What is your explanation  
22 for that?

23 A. Well, one case you have these boats  
24 operated by U, K. registered shippers operating  
25 from Toronto and in another case you have Canadian  
26 vessels operating from Montreal and then, thirdly,  
27 you have this rate agreement with the railways  
28 that was filed in the Newfoundland Freight Rates  
29 Case. I know the usual practice in connection with  
30 interchanging traffic and if there is a lower level





in effect today, it will surprise me if there was.

We have this particular section on the rate:

"The steamship company agrees that  
"except for occasional voyages which shall  
"require the prior approval of the railway  
"company, which approval shall not be  
"unreasonably withheld, it will not  
"transport by water to and from Newfoundland  
"any freight shipment other than bulk cargo  
"originating at or destined to points west  
"of Montreal, including the Lachine Canal."

And other sections for interchange between  
the parties "shall be subject at all times to the  
relevant classifications and tariffs in effect on the  
dates of issue of the bills of lading therefor and  
all freight and other charges in respect thereof  
shall be fixed and determined pursuant to such  
classifications and tariffs."

Q. Really you think it is the general  
fact that ships are operating out of Toronto from  
British bottoms as opposed to Canadian bottoms  
operating out of Montreal although the British  
bottoms operating out of Montreal have the same  
rate as Canadians?

A. Apparently they are the same rates  
out of Montreal. For what reason, I do not know.

Q. You just attribute it to what, the  
cheaper cost of operation or cheaper capital cost?

A. I think there are several factors  
come into play. I think there is interchanging





1 traffic with the railways, instances of rate increases  
2 on the railways.

3 Q. You think Montreal should probably  
4 be lower then?

5 A. I wouldn't say that. I would not  
6 necessarily say that. It may be that the steamship  
7 lines are getting their revenue that is required  
8 for their operation. I wouldn't say that there is --  
9 I have no reason to know whether they are or not but  
10 the fact speaks for itself. They have a higher rate  
11 from Montreal than from Toronto.

12 Q. The fact speaks for itself, you say.  
13 What does it say?

14 A. That is one of the interesting parts  
15 of it.

16 Q. What do you interpret it at?

17 A. Well, just exactly what I am replying.  
18 Perhaps I have not made myself clear. Apparently  
19 there is a controlling cost item there. There is  
20 the existence of an agreement with relation to the  
21 all-rail rates with a differential relationship,  
22 which is a common practice, in existence even  
23 before the regulations of the Board of Transport  
24 Commissioners, but the fact remains that it exists.

25 Q. Would you consider it would be  
26 advantageous in respect to cheaper rates for shipping  
27 in and out of Newfoundland if the position reverted  
28 to the pre-Union position where all ships can ship?

29 A. I am not quite clear about your statement  
30 where all ships can ship. My own impression of







1 Newfoundland was that it was parcel to the  
2 Commonwealth agreement. That is, you could not  
3 have a ship operating between ports in Newfoundland  
4 unless it was Newfoundland or other Commonwealth  
5 registry.

6 Q. This is something I would like to  
7 clear up.

8 MR. HUNT: I think, Mr. Commissioner, we  
9 have perhaps put it too widely in the brief. We  
10 mentioned imports into Newfoundland we were free to  
11 get the world market. The brief is possibly too  
12 wide on that point.

13 MR. MUNDELL: Q. Imports into Newfoundland  
14 could be probably in Newfoundland owned bottoms?

15 A. Which is the same today.

16 Q. They are imported?

17 A. Yes.

18 Q. Would you consider there would be any  
19 advantage to Newfoundland in the matter of rates or  
20 from services if foreign bottoms were allowed in  
21 the trade between Canada and Newfoundland? Have you  
22 any views?

23 A. We have not any view as between -- we  
24 have not studied as between -- we have not taken a  
25 position in connection with allowing foreign bottoms  
26 to utilize -- when I say "foreign" I am saying  
27 other than U. K. and Commonwealth, to utilize our  
28 waters.

29 I do not think our Commission would go for a  
30 Sydney boat picking up cargo at Halifax and taking it





to Saint John, New Brunswick or vice versa.

Q. Would you consider there was any difference in the situation in Newfoundland than the other Maritime provinces?

A. Well, in so far as Newfoundland is concerned the situation is, as I have stated, even before Confederation a U. K. ship could pick up a cargo at St. John's and take it over to Corner Brook.

Q. As I understand it so could a foreign ship?

A. No.

Q. I am sorry, St. John's to Corner Brook?

A. No.

Q. I mean from Halifax to Corner Brook?

A. I don't think even from Halifax to Corner Brook, other than a British ship.

Q. Pre-Confederation?

A. It was part of the British Commonwealth.

Q. My understanding is that, I stand subject to correction, foreign bottoms could operate between Halifax and Sydney and pick up cargo and take it to Saint John and back.

A. Saint John, New Brunswick?

Q. Yes.

A. I stand corrected.

THE CHAIRMAN: Q. Perhaps one example was coal from Sydney to Newfoundland where there was a regular competition by foreign bottoms?

A. I was not clear on that particular point,





Mr. Commissioner.

MR. MUNDELL: Q. You have no formed views on that?

A. No, I have no view.

Q. Would you say, as a transportation expert, -- would you see any objection to that from the matter of transportation?

A. You mean using foreign bottoms between---

Q. Yes.

A. I have not gone into that particular aspect. Speaking from the Newfoundland aspect only, I would have to discuss that.

Q. There was one passage on page 32 in the Government of Newfoundland Brief. I would like to verify this. It is page 32 in the mimeographed edition. It is in part 8 and it states "The overall percentage of increase since April 1st, 1949 in the rail rate structure from Upper Canadian Points to Newfoundland is at least 140 per cent."

A. That is not right. I have not got the other copy with me, but that is wrong. That was to be changed. On page 5 of the brief it is at line 6 --. The percentages of increases since Confederation are set out in these exhibits which have been filed with various adjustments thereon in connection with the 1949 so----

Q. Page 46 of the---

A. That is to be changed. That is the same thing there.

COMMISSIONER BELANGER: Q. Should read 40







1 per cent and not 140 per cent?

2 A. No. It will be at variances as set  
3 forth in our exhibits.

4 COMMISSIONER WICKWIRE: Q. What rate should it  
5 be? As I understand it the table put in as Exhibits  
6 16, 17 and 18 cover an analysis of the increases in  
7 much greater detail?

8 A. There were various increases by the  
9 Board of Transport Commissioners since April 1948,  
10 amounting to 98.2 per cent and inasmuch as Newfoundland  
11 came into the Confederation as of April 1st, 1949,  
12 there had already been authorized, one general increase  
13 of 21 per cent on the basis of rates that were  
14 established in April 1st, 1949, which was found to  
15 be higher and as of March 1st, 1951 they were re-  
16 adjusted to another basis. So then we have the  
17 competitive rate situation coming in so there has  
18 been various factors. You have winter increases,  
19 that is a factor in winter. You have increases  
20 that have been in effect because of the competitive  
21 rate.

22 COMMISSIONER WICKWIRE: Q. Is there any  
23 average of a figure that should be substituted in  
24 your brief for the 140 per cent or is it necessary  
25 to see Exhibits 16, 17 and 18 and find out for  
26 ourselves?

27 A. That is right, Mr. Commissioner. You  
28 have Exhibits 16, 17 and 18.

29 MR. MUNDELL: Q. There is no average figure?

30 A. There is no average figure. It is





1 difficult to get an average figure because of the  
2 impact of competition.

3 Q. If there are any other similar sort of  
4 differences between the brief and the exhibits that  
5 were filed, the exhibit should override, is that  
6 correct?

7 Mr. Chairman, I do not think we need any  
8 further discussion on this subject so I think that  
9 pretty well closes the questions I have to ask this  
10 witness.

11 MR. ROWNTREE: Q. Mr. Matheson, are you  
12 familiar with a statute generally known as the  
13 Maritime Freight Rates Act?

14 A. Well, yes. That happens to be one of  
15 the acts we follow very closely in this operation.

16 Q. That is a Dominion Statute?

17 A. That is a Dominion Statute.

18 Q. Can you tell the Commission what  
19 brought about the enactment of the Maritime Freight  
20 Rates Act? Can you do that briefly?

21 A. In 1925 when our Commission was first  
22 organized, one of the reasons why it was first  
23 organized was that persons and industries were  
24 finding themselves in difficulties and they wanted  
25 to see what exactly was wrong with the overall  
26 situation.

27 As a result of representations that were  
28 made by various bodies including the Committee  
29 here, a Royal Commission was constituted to go  
30 into the problems of the Maritimes.





Q. Is that Commission the Duncan Commission of 1925?

A. That is what they call the Duncan Commission of 1925, which conducted a thorough investigation into the situation and made a recommendation that the freight rates structure in the Maritimes territory which had been increased from a level of 100 to 192 -- from a level of 100 to 155 compared with other parts of Canada, with words to the effect: -- I am reading from the preamble of the Act -- :

This railway, the Inter-Colonial Railway was evidently to facilitate movements of goods out of Newfoundland to other parts of Canada and from the -- between the Maritimes and other parts of Canada. And "to afford to Maritime Merchants, traders and manufacturers the larger market of the whole Canadian people instead of the restricted market of the Maritimes themselves.

The Commission has, in such reports, made certain recommendations respecting transportation and freight rates, for the purpose of removing a burden imposed upon the trade and commerce of such Provinces since 1912, which the Commission finds in view of the pronouncements and obligations undertaken at Confederation, it was never intended such commerce should bear, it is expedient that effect should be given to such recommendations -- " because of the freight rate structure the rates were reduced 20 per cent







1  
2 and so on.

3 Q. In effect, Mr. Matheson, that  
4 investigation and their recommendations by that  
5 Commission were subsequently acted upon by  
6 Parliament. What happened in the twenties was  
7 that that investigation showed that there were certain  
8 peak cargoes or circumstances in the Maritime  
9 Provinces that needed rectification -- they needed  
10 low-cost transportation?  
11  
12  
13

(Page 641 follows)

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1           A.       That would be the purport of the  
2 finding of the Commission. There were certain  
3 angles and submissions involved. In Confederation  
4 that meant that the railway's purpose was to  
5 facilitate trade to the Maritime territory with other  
6 parts of Canada.

7           Q.       You referred to these other recommenda-  
8 tions or commitments. Would you say that the  
9 Maritime Freight Rates Act honoured those commitments?

10          A.       In as far as it went.

11          Q.       And then the Maritime Freight Rates  
12 Act does deal actually with the movements of freight  
13 within a defined area?

14          A.       That is right.

15          Q.       And also the movement of freight ex-  
16 Maritime Provinces and destined westward?

17          A.       West of Diamond Junction in the  
18 Province of Quebec.

19          Q.       The other prime benefit that was  
20 given to the Maritime Provinces is what we may call  
21 dollars and cents, is that correct?

22          A.       In essence it is partially on the  
23 proportion of the trade on traffic going westbound.

24          Q.       The rates that the railways publish,  
25 do they include the subsidy from the Government?

26          A.       No, they give a shipper the net rate.  
27 He may call up for a rate from the railway and that  
28 is the rate.

29          Q.       The rate that is published---

30          A.       Is the net rate.





1 Q. And over and above that net rate there  
2 is a computation between the rate charged and what might  
3 be described as the normal rate and this computation  
4 is transposed into dollars and reported to the  
5 Government of Canada, is that correct?

6 A. Carriers, other than the Canadian  
7 National Railways, filed detailed statements to the  
8 Board of Transport Commissioners and check them and  
9 determine what the so-called normal rate is and on  
10 the difference are reimbursed.

11 In so far as the Canadian National Railway  
12 are concerned, it is filed with the Department of  
13 Transport and reimbursements are made accordingly.

14 Q. Reimbursements are made in cash?

15 A. I take it they would be cash or the  
16 equivalent.

17 Q. In effect the Maritime Freight Rates  
18 Act was designed to give low-cost transportation to  
19 the Maritime Provinces?

20 A. It was in order to give effect to the  
21 obligations undertaken by Confederation which the  
22 Duncan Commission thought evidently was not  
23 honoured -- perhaps the word "honoured" is not  
24 proper but which had not been carried out during the  
25 period 1922 to 1925.

26 COMMISSIONER WICKWIRE: Q. Just a minute, now.  
27 Is that an answer "Yes" to the question?

28 A. It was to -- it was an effect to  
29 give low-cost transportation to the Maritime  
30 Provinces. That is an effect of what it amounted to.







1 COMMISSIONER WICKWIRE: Thank you.

2 MR. ROWNTREE: Q. Mr. Matheson, do you see  
3 any similarity between the position of Newfoundland  
4 today and the position of the other three Maritime  
5 Provinces in the twenties?

6 A. Newfoundland today is part and parcel  
7 of the Maritime territory by virtue of Section 31 of  
8 The Terms of Union. In other words the Maritime  
9 Freight Rates Act would be applicable. They happen  
10 to be farther away from the Maritime mainland so  
11 conditions and circumstances that obtain to the  
12 Maritime mainland obtain now with Newfoundland.

13 Q. Do you know any of the details about the  
14 conditions---

15 A. Section 32 of The Terms of Union and the  
16 Statute, the Maritime Act of the same year covers  
17 that particular portion.

18 Q. The practical effect of the Maritime  
19 Freight Rates Act has been extended then?

20 A. That is right.

21 Q. And the railway rate from Newfoundland,  
22 water carriage is regarded as all-rail rate within  
23 the meaning of the Act?

24 A. The terms of Union so provide that is  
25 an all-rail route between Port aux Basques---

26 Q. Within that same route any water  
27 carrier who is in competition with the railways  
28 is in this position with respect to westbound cargoes  
29 to the Great Lakes, no matter what the rate is that  
30 the railways quote there is a subsidy being paid





over and above that to the railways which the steamship company does not get?

A. The freight rate determined between the so-called normal and the rate as published in the tariff.

Q. If the railway elected to put in competition a so-called all-rail rate, the difference between that competitive rate and the determined normal rate would be made up by the Government of Canada?

A. That is right, but the railways cannot go below what the Act may provide. That is to say if the railway rate was one dollar they could not put the rate down to 75 cents or 90 cents, whatever the reimbursements would be, to meet that competition. They would be violating the Railway Act then.

Q. Are you referring to the necessity of the Railway rate being compensatory?

A. I am referring to the Railway Act. Where the rate --. I do not know whether that is the answer to it. It does not refer to any particular section.

Q. Let me put it this way. Do you suggest---

A. This section reads "The rates should not be lower than necessary to meet competition". Section 334 of the Railway Act.

Q. Suppose then the railway does have the right to bring its competitive rate down to whatever the rate they want to meet competition of a water carrier,





1 if the water carriers reduce its rate ten cents,  
2 the railway can reduce its rate?

3 A. Providing they do not violate the  
4 Railway Act.

5 Q. And one of the provisions of the Railway  
6 Act is that the railway must be compensatory?

7 A. Right.

8 Q. Would you agree with me that one of  
9 the great problems in the rate matters in this  
10 country is a definition of the word "compensatory"?

11 A. Well, it is one of the difficult things  
12 to determine. After all, the rates, a definition  
13 within the range between costs and what is the  
14 minimum and what the traffic will bear as the  
15 maximum, there is quite a difference and generally  
16 speaking the regulatory bodies regulate the rate,  
17 as it must, and if the costs adds something to  
18 the overall burden then the rate is called  
19 compensatory. That does not necessarily mean that  
20 is all added on to the hilt. There is a regulation  
21 There is a matter of conjecture to these costs.  
22 rate. ^Costs is a difficult thing to determine in  
23 connection with rail transportation.

24 Q. The fact is that there has been during  
25 the years jurisdiction there for the parties either  
26 to prove or disprove the railway's figures on that  
27 point?

28 A. Well, it is difficult because they  
29 have not got access to the internal information of  
30 the railway.

Q. In any event the situation as it







obtains today, in the Maritime Provinces <sup>on westbound movement,</sup> whatever

1 the competitive rate is in effect the railway will  
2 collect from the Government that extra difference?

3 A. There is reimbursement as to the  
4 difference of the -- as to the difference between  
5 the competitive rate and the normal.

6 Q. Are you familiar with the fact that  
7 the Newfoundland-Great Lakes Steamships Line receives  
8 no subsidy of any kind from the Dominion Government?

9 A. I don't know whether they do or not.

10 Q. Do you know of any companies in the  
11 Maritime trade who are paid a subsidy?

12 A. There is paid by the Canadian Maritime  
13 Marine a subsidy for certain steamship operations.  
14 I believe I have an exhibit to that effect in my  
15 submission.

16 MR. GERITY: Mr. Chairman, if I may ask a  
17 few questions.

18 Q. Mr. Matheson, I understand that you  
19 are the Executive Secretary of the Maritime  
20 Transportation Commission?

21 A. The Secretary-Manager.

22 Q. Do I understand that you will be  
23 appearing in Halifax?

24 A. That is correct.

25 Q. Then I will not take up the Commission's  
26 time as to these things now. However, there has been  
27 some mention here of Canada Steamship Lines and  
28 others providing rates to Newfoundland. Do  
29 you know from your own knowledge whether or not a  
30





1 lake package freighter is permitted by law to sail as  
2 far as St. John's, Newfoundland?

3 A. There is something, a provision in the  
4 Canada Shipping Act with regard to eastward advances.  
5 I have not gone over it completely.

6 Q. I did not expect, Mr. Matheson, that  
7 you should tell this Commission what the law is. I  
8 suppose that is one of the things I ought to do  
9 sometime but as a matter of fact has anybody from  
10 your commission or the Government of Newfoundland  
11 ever approached the Canada Steamship Lines and said  
12 to them "Will you establish a package freight trade,  
13 as they call it, to Newfoundland?" ?

14 A. I do not know about the Government  
15 of Newfoundland. I know our Commission has not.  
16 We do not as a commission approach, as a rule,  
17 companies to ask them to establish a service.

18 Q. In other words you just do not know  
19 whether the subject has ever been mooted at all?

20 A. I do know that we -- this Commission  
21 has received requests in from time to time as to  
22 potential traffic business in the event of the  
23 establishment of a steamship service.

24 Q. I take it you are aware of the fact  
25 that Canada Steamship Lines is one of the two  
26 companies that runs a so-called package freight  
27 business from Montreal to the Lakehead, Fort William?

28 A. That is right.

29 Q. Do you know whether they give a  
30 competitive rate with the railway?





A. They give rates between Montreal and

various lake ports where the differential -- generally speaking the rail rates, I think, have rated the differential at too low a rate. There is a question about that rate being competitive or otherwise.

That is to say, let me give you this illustration.

Let us say the railways increase their rates on the boat line operated upwards. The question is is that a normal rate for boatlines or a competitive rate? Has it affected the rate in so far as the boatlines as a competitive rate?

Generally speaking the Canada Steamship, I have not seen the rates, publish competitive rates. Canada Steamship Company, generally speaking, if the railways publish a new rate, the Canada Steamship publish a competitive rate to meet the competition.

Q. To put it simply, I realize you know more about this case than I do, is it cheaper for a shipper to send his goods via a ship in the St. Lawrence than it is by railway?

A. Oh, definitely.

Q. So at least it appears to Newfoundland---

A. From the rates I have filed in the exhibits the rates are lower than the rail rates, the all-water.

Q. I think you told us about what you called the L. C. A., and I take it the Lake Carriers Association give the same rates to Newfoundland as do the United Kingdom ships?

A. That is correct.







1 THE CHAIRMAN: He said "Lake Freight  
2 Association".

3 MR. GERITY: I am sorry, Mr. Chairman. I am  
4 afraid I am one of those that hates to see the word  
5 "freight" used for cargo, when freight is the money  
6 that is paid for the carriage of it. Perhaps I am  
7 a purist in that connection but it is a little  
8 confusing when some talk of "freight" when they mean  
9 "cargo" and in fact, of course, its definition is it  
10 is the money paid for carrying.

11 MR. GERITY: Q. Mr. Matheson, you then told us  
12 that the Lake Freight Association gave the same rate  
13 to Newfoundland as did any other competitor at the  
14 present time?

15 A. I wouldn't say any other competitor  
16 I would say as any other company, which would be  
17 water competitors. Any other competitors would be  
18 railways.

19 Q. I think it was said the railway simply  
20 was not enough---

21 A. I would not want to say anything to  
22 that because I do say it is the same as the Newfoundland  
23 Great Lakes.

24 Q. You do not know, of course, whether or  
25 not that Association makes any money out of the trade  
26 or whether they are running at a loss?

27 A. That Association itself?

28 Q. Yes.

29 A. It would be the steamship--. It would  
30 be information<sup>prepared</sup> by the Steamship Lines Division, if it





is practicable. The Canada Steamship's Division

would be okay as far as Toronto to Montreal.

Q. I think, Mr. Matheson, I am correct in saying you have always been present at this hearing.

You have heard the other witnesses---

A. I attended some of it in Ottawa.

Q. You have been here yesterday?

A. Not throughout the whole time.

Q. It was said by the witness yesterday, I do not know whether you heard him or not, one of the companies that ran to St. John's, Newfoundland had ships very suitable to the trade. Did you hear that?

A. I heard that, yes.

Q. I think one of the features of his evidence was that breakages and handling and so on were reduced to a minimum?

A. I heard that.

Q. Have you ever seen a Great Lakes package freighter?

A. Yes.

Q. How would you say they compare with the type of vessel that is running here in connection with the handling of consumer products?

A. I would say that Canada Steamship boats have been in business for a long time and handling package freights. I would say they are comparatively efficient boats, that I know of.

Q. The handling and delivery of goods is all done by a forklift truck, is it not?





1           A.       Well, I have not been around the piers  
2 where they were actually loading a Canada Steamship  
3 boat so I could not say definitely they are using  
4 that equipment.

5           Q.       In addition to that, Mr. Matheson,  
6 we have been told we are affected by the rate paid  
7 from the Great Lakes area. Do you know whether  
8 that pay was by Canadian wages or under the British  
9 scale?

10          A.       I don't know. I couldn't say that was  
11 by a Canadian or British scale.

12          Q.       I suppose it would be true for me to say  
13 in the transportation business one of the greatest  
14 factors that the British ships have over us is the  
15 relation of the pound to the dollar. It has nothing  
16 to do with the standard of living, has it?

17          A.       Well, I guess it has not. Are we  
18 getting into a monetary question now?

19          Q.       You would not seriously suggest that  
20 British seamen were worse off than our own aboard  
21 their ships?

22          A.       Worse off, you mean financially?

23          Q.       No, I mean their accommodation, their  
24 food?

25          A.       I understand from various people the  
26 seamen in these vessels live quite comfortably.

27          Q.       I suppose it is the relationship of  
28 the pound to the dollar that makes it a profitable  
29 and attractive business?

30          A.       I don't know whether I could go that







far with you. Maybe other factors may come into play,

I couldn't say it is just because of the relationship of the dollar to the pound.

Q. What I am getting at, Mr. Matheson, is this. People have spoken to the Commission. They speak of the British standard of living and the Canadian. I am simply saying this. Perhaps the standard of living in the two countries are the same. It is the difference between the pound and the dollar that makes it profitable?

A. Oh, I wouldn't go that far. I have not gone into it.

Q. You will agree with me that if I buy a suit at my tailors in London and I pay him in pounds, that I get a pretty good bargain out of it?

A. I never bought a suit in London, England.

Q. Just one more thing, Mr. Matheson, if Canadian flag ships, manned by Canadians, including Newfoundlanders who are now Canadians, as I am myself, were to run trade to Newfoundland, and have competitive rates with the railways or whatever line offers, does it make any difference to you one way or the other?

A. No, I don't see how it would if the Canadian ships supplied the same service for the same cost under the same conditions and circumstances. I don't see how---

Q. Supposing, for instance, one of my clients' vessels, Canada Steamship Lines, was being made available to this port and they said "May I





1 start a line of motor engines. We have a  
2 pretty efficient method of handling that type  
3 of engine---"

4 A. I have no objection to Canadian ships.  
5 As I put in our submission we are interested in the  
6 best transportation at the lowest possible cost, be  
7 it U. K., be it Canadian.

8 Q. We get into many questions. After all  
9 I do not want to get into your business as the  
10 Maritime Transportation Commission, but there are  
11 other interests in the Maritimes such as the shipping  
12 yards who have something to say too, have they not?

13 A. I imagine so, probably.

14 Q. As far as a service like Funess Withy  
15 is concerned, I may as well say I used to work for  
16 them and I still have some affection for them, if  
17 they were given licenses to carry on their trade  
18 with you, that would take care of that, would it not?

19 A. You are reading by the question of  
20 regulation. I take the categorical stand right now  
21 I am not in favour of regulation, and regulation  
22 cannot restore shipping between the Maritimes and  
23 the Great Lakes.

24 Q. Your brief has said so, but what I put  
25 to you is this. It is perfectly possible for this  
26 Commission to recommend that one company or perhaps  
27 two or three may be given licenses to do something?

28 A. Well, the licenses would be under the  
29 Canada Shipping Act rather than the Board of  
30 Transport.





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Q. To carry goods between Halifax and  
St. John's, Newfoundland?

A. As an exemption?

Q. Yes. It is not an insurmountable  
problem?

A. No, because the Canada Steamship have

(Continued on page 654)







1 an exemption now between Montreal and Quebec under  
2 the Transport Act.

3 Q. That is right.

4 THE CHAIRMAN: Q. What Mr. Gerity is referring  
5 to is an exemption of a prohibitive provision of a  
6 proposed statute, perhaps an amendment to Part 37  
7 of the Canada Shipping Act provided that commercial  
8 trade may only be entered into by Canadian-registered  
9 and Candian-built boats.

10 THE WITNESS: In other words, an exemption under  
11 the Canada Shipping Act.

12 THE CHAIRMAN: Yes.

13 MR. GERITY: Q. Well, Mr. Matheson, to cover  
14 the ground again. It is not an insuperable problem  
15 if we provided for Furness Withy to carry on with  
16 their trade between Liverpool, St. John's and  
17 Halifax, Boston and New York?

18 A. I don't think it is. There are  
19 exceptions that can be made provided that it is so  
20 provided in the legislation.

21 Q. Just one other thing, Mr. Matheson,  
22 in your opinion, I am speaking only to you now as a  
23 person who has had 26 years' experience in the  
24 transportation business, do you think that it may  
25 be possible to provide for the Great Lakes area  
26 separately not dealing with either the east or west  
27 coast?

28 A. I think, as I said in my brief, the  
29 exemption is already there in connection with  
30 Canada Steamships, as long as it does not affect





1 us detrimentally. Speaking now, as you put it person-  
2 ally as long as it does not affect us detrimentally  
3 we would have no objection to it, at least I have no  
4 objection to it. If it resulted in increased costs  
5 then and it did affect our trade position then I  
6 would say I would be opposed to it. I would be  
7 opposed to it.

8 Q. Of course, I put it the other way,  
9 Mr. Matheson, if it does not affect your trade  
10 position and it does not affect what are now called  
11 The Atlantic Provinces, you would consider it the  
12 perfectly proper and correct thing that the Great  
13 Lakes be treated differently?

14 A. Provided that the circumstances are --  
15 that it may be clearly indicated what situation is  
16 intended.

17 Q. For instance under the Canada Shipping  
18 Act, Section 2, Sub-section 41, the inland waters of  
19 Canada extend to a line from Cap des Rosiers and  
20 from the West Point Anticosti Island extended to the  
21 north shore. That leaves the Maritime and Atlantic  
22 Provinces out?

23 A. That is right.

24 Q. So if then this Commission were to  
25 recommend that there be something done in that area,  
26 it would not affect any of your interests?

27 A. As far as I can see if shipping was  
28 permitted to U. K. or other Commonwealth registry  
29 and Canadian shipping to pick up something at  
30 Halifax or Sydney and take it up to Montreal, into





1 that area or within the area of Anticosti Island I  
2 do not think -- I cannot see where it would have  
3 any detrimental consequences to this area.

4 Q. Well, might it not have some conse-  
5 quences far from detrimental but beneficial. After  
6 all our regulations are not -- they must come from  
7 somewhere?

8 A. Well, I suppose -- I have not gone into  
9 all the consequences. I have not made a complete  
10 study from that angle. I do not want to commit myself  
11 in any manner, shape or form at this time. All I  
12 can say is as far as -- I can go with you on that now  
13 providing we are not detrimentally affected, and it  
14 does not appear to me it will, then it does not make  
15 much difference if we have---.

16 Q. I think that is right because while I  
17 do not quarrel much with your evidence, my own  
18 understanding of the law as to whether or not some  
19 of the package freight ships can sail to Newfoundland,  
20 my personal belief is that they cannot. They are  
21 not licensed to do so, in other words, licensed  
22 for inland waters.

23 THE CHAIRMAN: Surely that question is  
24 approaching a description of the historical  
25 situation with which we are going to be faced.  
26 On the St. Lawrence Canals your Canada Steamship  
27 Lines package freighters will do it best. They  
28 are more efficient for that trade and can easily  
29 be constructed. You are going to be constructing  
30 new ones.







1 MR. GERITY: I think too, Mr. Chairman, we  
2 are faced with the fact that all our industry must  
3 build vessels to meet the few facilities which they  
4 have. There are a great many vessels on the Lakes  
5 which were built in 1887.

6 THE CHAIRMAN: Yes, I understand there is one  
7 which had its seventy-second birthday.

8 MR. GERITY: I do not think that those  
9 conditions will obtain any longer but it is quite  
10 true I think -- I have not the submission with me  
11 but I do think that at the moment our present  
12 regulations will not permit the ordinary Great Lakes  
13 package freighters to sail, I will not say into  
14 Corner Brook but at least to St. John's because you  
15 can get as foul weather in this port as any place  
16 in the world.

17 MR. HICKMAN: Q. I am counsel for the Joint  
18 Council of Burin District. Mr. Matheson, would your  
19 Commission have the Canadian National Railways'  
20 rates that they put out on particular goods moving  
21 in?

22 A. We get tariffs. We subscribe to the  
23 tariffs -- rather we obtain the tariffs from the  
24 Tariff Bureau of the Canadian National Railways  
25 almost on the same date they are supplied to the  
26 Board of Transport Commissioners.

27 Q. The evidence you gave to the Commission,  
28 you have given the Canadian Tariff to ports of  
29 St. John's and Corner Brook only?

30 A. No, I have given the rail rates





1 which are entirely in variation to the Lake water  
2 rates and filed with the Lake Freight Association.  
3 Vice versa our tariffs, the Steamship Lines from  
4 Halifax and Montreal and also the Canada Lines,  
5 the Constantine Lines. They are on tap, available  
6 to both ---.

7 Q. Is it not a fact considerable freight  
8 or cargo moves through North Sydney to the south  
9 coast of Newfoundland, particularly by Canadian  
10 National Railway steamships?

11 A. Yes.

12 Q. Can you tell this Commission the  
13 quantity of Canadian National Railway freight  
14 moving into the south coast ports?

15 A. I couldn't pick any rate out and tell  
16 you what the rates indicate because there are  
17 thousands and thousands of rates, but there is a  
18 tariff published by the Canadian National Railways  
19 which shows the rates from various ports into the  
20 rail line to ports on the south coast and also the  
21 tariffs along the coast of Newfoundland and there is  
22 another tariff which provides a combination of rates  
23 from the -- for example, via Port aux Basques or  
24 St. John's or Lewisport, or as the case may be.

25 Q. Do you know how the freight rates on  
26 cargo moving along the south coast or putting in  
27 the coast itself compares with the all-rail rate  
28 of the Canadian National Railway? Do you know if  
29 it is higher or lower or the same?

30 A. Yes, I know it is based on a





1 combination. For example, you may get a combination  
2 for Port aux Basques plus an arbitrary -- maybe  
3 class arbitrary or it may be arbitrary on a specific  
4 commodity to Grand Bank, for example, or some place  
5 along there.

6 Q. I take it that the Maritime Commission  
7 is aware of the fact that considerable freight from  
8 Nova Scotia moves to Newfoundland by small wooden  
9 boats?

10 A. That is right.

11 Q. Do you know if they have any fixed or  
12 agreed-upon rate, the boats?

13 A. I would not know.

14 Q. Do you know how the rates compare  
15 with the Canadian National Railway?

16 A. I know it needs a lot of ships to put  
17 in around the ports on the south coast.

18 Q. Just along that point, Mr. Matheson,  
19 the Joint Council of Burin District have drawn to  
20 the attention of the Commission the proposed free  
21 port of Mortier Bay which is at the foot of the  
22 Town of Marystown. I was interested in your  
23 evidence regarding the operation of inter-  
24 provincial steamship lines before the war. You  
25 told us they carried a considerable amount of other  
26 commodities. Was that for trans-shipment?

27 A. No, mostly -- practically all for  
28 local consumption at various ports and some of the  
29 larger ones, Sydney, Halifax, St. John, Yarmouth,  
30 Summerside, Charlottetown. It was more or less







1 for local distribution.

2 Q. Do you know the grain elevators in  
3 Halifax?

4 A. That is right.

5 Q. The grain, I understand, seems to be  
6 shipped there for trans-shipment?

7 A. Most of the grain to Halifax -- indeed  
8 pretty near all of the grain to Halifax would be  
9 Canadian National shipment but generally speaking  
10 the traffic that moved by water to Halifax out of the  
11 west in the thirties was for local consumption. The  
12 grain that moves from the Head of the Lakes and  
13 Georgian Bay at special low export rates may have to  
14 be left -- and I was not talking of any movement by  
15 water, all water from the Head of the Lakes to  
16 Halifax -- for handling.

17 Q. Just one other question: The type of  
18 vessel, the common carrier that has been used at that  
19 time, that would be a lake boat?

20 A. No, it was not a lake boat type. I  
21 forget just exactly. They were the deep water boats,  
22 the type with sufficient draught to pass through  
23 the Lachine Canal. They were not the lake type  
24 boats at all.

25 Q. Is it conceivable, then, I suggest  
26 to you, or workable, particularly with the completion  
27 of the St. Lawrence Seaway the storage elevators  
28 could be established at Mortier Bay for trans-  
29 shipment?

30 A. I think that would need a special





1 study.

2 Q. You have made no study of it at all?

3 A. No, I have not made any study of it.

4 MR. A. SIMARD: Q. (Interpreted by Mr. P.  
5 Gerin-Lajoie) Mr. Matheson, Mr. Simard is asking  
6 if to your knowledge there is at present any  
7 existing agreement either in writing or otherwise  
8 between the Government of the Province of Newfoundland  
9 and the Canadian National Railways?

10 A. In connection with what?

11 Q. In connection with transportation,  
12 either type of transportation?

13 A. There is only, as I know, the Terms of  
14 Union that exist at the present time in connection  
15 with transportation, rail transportation and that is  
16 Section 32 of the Terms of Union. I will give you  
17 the reference if you wish, Section 32 of the Terms  
18 of Union which is Chapter 1, 13 George VI, "An  
19 Act to approve the Terms of Union of Newfoundland  
20 with Canada".

21 Q. Mr. Matheson, Mr. Simard would like to  
22 know if you are aware of any possible agreement of a  
23 more recent date or any agreement since Confederation  
24 between the Government of Newfoundland and the  
25 Canadian National Railway?

26 A. In respect to transportation?

27 Q. Yes.

28 A. I do not know of any.

29 Q. Would there be to your knowledge,  
30 Mr. Matheson, any agreement between the Government





1 of Newfoundland and any shipping company?

2 A. No, I don't know any myself personally.

3 Q. Do you know if the Government of the  
4 Province of Newfoundland would recommend any such  
5 agreement, any type of agreement between itself,  
6 the Government, and any shipping company?

7 A. Well, that I think is outside of my  
8 field. That would depend upon the Government itself.

9 Q. Would you care to express any opinion  
10 as an officer of the Maritime Transportation  
11 Commission on this subject?

12 A. No.

13 Q. Whether such an agreement would be  
14 advisable or not?

15 A. No, I have not had any reference on that.  
16 I would not want to make any comment one way or the  
17 other unless I studied it.

18 Q. Would you know whether there is or  
19 might be at the present time any agreement between  
20 the Newfoundland Government and any shipping company  
21 which might explain the differences in the shipping  
22 rates first from Montreal to Newfoundland, St. John's?

23 A. I never heard of any.

24 Q. On the other hand from Toronto to  
25 St. John's?

26 A. No, I never heard of any and I don't  
27 know of any agreement.

28 Q. Mr. Simard is reminding you, Mr.  
29 Matheson, that a witness yesterday expressed the  
30 opinion as to the possible difference in the cost







1 of operation between ships registered in the United  
2 Kingdom and ships registered in Canada. Would you  
3 care to give the Commission any opinion or informa-  
4 tion you may have on this possible difference of  
5 operational costs between the two types of ships?

6 A. The only information I have on the  
7 basis of cost between ships identical in character and  
8 dead weight tonnage would be from the information  
9 that I have secured from the railways, the Canadian  
10 Maritime Commission where they say that the wage  
11 level is different, on a different basis, where they  
12 say the capital costs are on a different basis. That  
13 is all the information I have on that particular  
14 subject.

15 MR. SIMARD: If you do not mind I will try  
16 to manage myself because I believe everybody is  
17 anxious to go for lunch. You will excuse me if the  
18 witness does not under and my question. I will be  
19 very glad to do my best. My question, put more  
20 simply, I wonder if you could answer it "Yes" or  
21 "No". Can Canadian ships operate at the same rate  
22 as British ships?

23 A. Well, I certainly could not answer  
24 "Yes" or "No" on that one.

25 Q. Are you not afraid that the Province  
26 of Newfoundland could be without British flagships  
27 if Canadian ships moved away from this trade. Just  
28 "Yes" or "No"?

29 A. I would not know.

30 Q. Would you not be afraid or would these





1 Provinces not be afraid of being in the very  
2 difficult position of having a repetition of what  
3 we had this spring, that dock strike of the dockers  
4 in England, that if British ships that are nowadays  
5 out here were held up in Britain; what would have  
6 happened if the British flagships operating right  
7 now between Newfoundland and the rest of Canada had  
8 been tied up somewhere in British ports? Would that  
9 not jeopardize the inbound traffic to this Provinces?

10 A. Not very well. Of course, that  
11 occurs no matter if we have a local strike. For  
12 example if there is a strike all over Canada we  
13 are affected. Those are the things that are beyond  
14 the normal and we will expect sometimes. If I may  
15 say so this is all conjecture.

16 THE CHAIRMAN: Just a minute. Mr. Simard is  
17 concerned with the fact that if -- it is perfectly  
18 true such things as labour disturbances may affect  
19 the situation at any time but I point out to you he  
20 is asking you of labour disturbances over which no  
21 citizen of Canada, including the Government, has  
22 any control; while if there is a Canadian railway  
23 strike it is arbitrated in Toronto by Canadians.  
24 Is that your position, Mr. Simard?

25 MR. SIMARD: Exactly, Mr. Chairman. You  
26 have just taken the question out of my mouth.

27 THE WITNESS: I suppose there is that. It  
28 is a chance they have to take in connection with it.

29 MR. SIMARD: Q. Do you know, Mr. Matheson,  
30 -- I think the question was asked by Mr. Gerity a





1 little earlier but maybe I missed some part of it.  
2 Do you not think special terms or some extension of  
3 the Canada Shipping Act may be given to British  
4 flagships to enter coasting trade when and if the  
5 Canadian ships cannot handle the coasting trade or  
6 cannot handle it at competitive rates? You do not  
7 need to elaborate---.

8 A. Are you asking if I think that would  
9 look after the situation?

10 Q. Yes.

11 A. I have no objection to U. K. boats or  
12 other Commonwealth ships as long as we are getting  
13 products into the Maritimes and our cost is at the  
14 level it would certainly be if you had U. K. ships.

15 Q. Do you not think that the particular  
16 situation with which you are faced in the Province  
17 of Newfoundland is just because actually the Canada  
18 Shipping Act permits coasting trade by all British  
19 flagships, of all the British Commonwealth, and do  
20 you not think this could be the reason that Canada's  
21 industry or Canadian capital cannot reasonably pay  
22 the necessary funds to build ships and open trade  
23 with this Province, if they are to be competing  
24 with the rest of the British Empire?

25 A. That infers, I am afraid, in your  
26 question that costs, capital costs and natural  
27 depreciation of costs which would occur to Canadian  
28 bottoms are higher than U. K. and from that angle  
29 they would not compete.

30 Q. That is why I asked the previous







1 question. I am going to ask you if you considered  
2 that. I would ask if Canadian ships gave the same  
3 rate as British ships, to which we got no answer  
4 yesterday from a previous witness -- do you know if  
5 the rates established with the so-called Conference  
6 or group of Canadian operators and the rates of the  
7 British flagships are rates established according to  
8 their costs or did you intend in your evidence to say  
9 that those rates are established below the rail rates,  
10 the British flag would be a rate which is below the  
11 Canadian rate or is it?

12 A. Well, I think the exhibits state there  
13 in connection with the rates established they were  
14 considerably below the rail rates for first-class in  
15 1953, \$1.15 per hundred pounds and there is no  
16 differential relationship---

17 On the other hand in connection with the  
18 water rate viz-a-viz rail rates from Montreal there  
19 was a close paralleling in relation to differentials  
20 starting in 1951, a cargo costing 12 goes up to  
21 the present time 20 cents. Paralleling between,  
22 for example, C. S. L. versus C. N. R. in the St.  
23 Lawrence River, where the C. N. R. comes up with  
24 the same rail rate and the C. S. L. comes up with  
25 a little below that rate.

26 Q. Can you make a parallel between  
27 British flagships and Canadian ships on the same  
28 basis, or if there is no paralleling ---

29 A. The exhibit shows that there is a  
30 considerable variation between -- I am speaking of





1 the class rates now, considerable variations, no set  
2 pattern obtaining between the rail rates and water  
3 rates on the direct service from East Toronto to  
4 St. John's, Corner Brook, Newfoundland. There is no  
5 set pattern obtained at all, but when you have a  
6 differential of \$1.15, for example, \$1.15 first-class  
7 from Toronto to St. Johns, Newfoundland, compared  
8 with a differential of 20 cents from Montreal in the  
9 year 1953, I am speaking roughly now, there is no  
10 set differential relationship obtaining there. I  
11 think the exhibit speaks for itself.

12 Q. Then would you still confirm the  
13 same submission you made that you would prefer to  
14 remain status quo?

15 A. In so far as our submissions are --  
16 the Commission's submissions are concerned, the  
17 Newfoundland submissions are concerned, we remain  
18 on the status quo.

19 Q. Can you tell me if the rates are the  
20 same for inbound as for outbound either on rail or  
21 on ships and either on the C. N. R., which is all-  
22 rail, the Conference, or non-Conference ships or  
23 British flagships or if there is a little fluctuation  
24 there for some kinds of material going out of  
25 Newfoundland and the same fact for anything coming  
26 inbound. I am thinking of inbound and outbound.

27 A. No. 1 reflects the Maritime Control  
28 Act, that is going out to the Great Lakes and beyond  
29 the St. Lawrence Waterway rapids. They reflect  
30 Rates  
the Maritime Freight Act depending on the distance





1 which, of course, are naturally lower, the rates are  
2 lower except for competition in so far as the water  
3 rates are concerned. I have not got any tariffs,  
4 for a load of fluorspar;  
5 for example, I haven't got those rates whether by  
6 British boats or by Canadian boats.

7 Q. Do you not think it would be interesting  
8 for the Commission to see if its rates are the same  
9 for inbound and outbound and if you could bring to  
10 this Commission information as to your products of  
11 Newfoundland that you are interested in sending  
12 outside of this island as compared to other things  
13 that are coming to this island because I understand  
14 this island imports much more than it exports?

15 A. We, I believe, have in our office some  
16 tariffs and some rates. I am only speaking from  
17 memory, from say, St. John's to the Maritimes and  
18 so on. Most of the traffic is coming in. For  
19 instance maybe there is export traffic. There is  
20 a shipment of cement from Corner Brook. There is a  
21 shipment of newsprint and so on and fish shipments  
22 going up lake. How much of that gets up and what  
23 rates there are, the individual shippers would be  
24 better witnesses in that respect than I am.

25 Q. I notice from the brief submitted by  
26 the Province of Newfoundland to the Royal Commission  
27 on Coasting Trade that they give some figures for  
28 1949. We have not got the recent figures like,  
29 for instance, if I may bring one point there, what  
30 struck me, that there was something about fish,  
salted fish?







A. Salted cod.

Q. Are you aware that salted cod is not getting the market as it used to because people do not go for salted cod as they used to years back?

A. I think some representative of the fish industry company would be a better witness than I am. I mean I only know what I know by the newspapers.

Q. I am just asking you as an individual, not as an expert.

A. Only as an individual, Mr. Simard, from what I have seen in the papers our markets are diminishing.

Q. I think in the brief it was shown there was something of a decrease in exports of some of the goods of Newfoundland, because the rates are so high or are supposed to be so high, on some of these goods that were exported before Confederation. Are you making that point keeping in mind the lack of cargo?

A. Well, the lack of market may be caused by various factors among which the cost of transportation may be one of them.

Q. Just one more question. You say there are many factors there. Do you think that a change of rates is an added factor or a major factor for the high cost of living in Newfoundland as compared to the rest of this country or if there is not some others like wholesale, retail which in fact up the cost or do you believe the rate is





1 really---

2 A. I wouldn't go so far as to say that in  
3 any particular circumstances it was the only item but  
4 transport is sort of a paralleling factor but it is  
5 one of the primary factors in the laid-down cost of  
6 goods.

7 Q. That is only the next major one or it  
8 is one of the primary factors in the area in connection  
9 with consumer goods?

10 A. It is of very serious importance.

11 MR. SIMARD: I do not know about any other  
12 witnesses who are to come before the Commission on  
13 this point, whether we will have some other witnesses  
14 called and have their views as to increase or  
15 decrease since Confederation or do we have some  
16 witnesses along this line?

17 MR. HUNT: There was some evidence on it  
18 yesterday, Mr. Simard.

19 MR. SIMARD: By Mr. Cheeseman?

20 MR. HUNT: Yes, and Mr. Miller who gave evi-  
21 dence yesterday afternoon.

22 MR. SIMARD: Thank you very much.

23 ---Court recessed at 1:20 p.m.  
24  
25  
26 - - - - -  
27  
28  
29  
30





1 ---Upon resuming at 2.51 o'clock p.m.

2 THE CHAIRMAN: Gentlemen, in view of the  
3 number of witnesses and briefs still to be heard  
4 it appears that it will be necessary to hold a  
5 hearing this evening. We propose to adjourn  
6 sharply at 5.00 and reconvene at 7.30.

7 MR. HUNT: Call Mr. Leja, Mr. Chairman.  
8 This witness is taken slightly out of turn due to  
9 the fact he has to make a plane connection at  
10 4.30.

11  
12 \_\_\_\_\_  
13  
14 DR. ERNEST LEJA, called.

15 MR. HUNT: I understand, Dr. Leja, you are  
16 managing director of Atlantic Gypsum, a company  
17 at Cornerbrook operating a gypsum quarry at Flat  
18 Bay, Newfoundland, and a quarry at Humber Mouth?

19 A. Yes.

20 Q. When did your company start?

21 A. Preliminary operations started in  
22 1952; commercially we started operating July,  
23 1953; and full scale we are operating for the  
24 first time this year. Both speed and full three  
25 shifts.

26 Q. Have you yourself any knowledge of  
27 the transportation problems arising out of the  
28 operations of Atlantic Gypsum Limited?

29 A. I hope so because I have to deal with  
30 these problems from the very beginning and I am







still attempting to do so.

1 Q. You handle this yourself, personally?

2 A. Yes.

3 Q. What is the production capacity of  
4 your plant, sir?

5 A. About 60,000,000 square feet board  
6 material, figured on 3/8 thickness; in terms of  
7 weight it would be 50,000 tons. In addition to  
8 that plasters approximately 15,000 tons. The  
9 total capacity in tons would be 65,000,  
10 approximately.

11 Q. What proportion of your production,  
12 sir, can be sold on the Newfoundland market?

13 A. Newfoundland market can absorb, at  
14 the maximum, 10%. We have sold in 1952, 1700  
15 tons. In 1953, 3600 tons; and in 1954, 4800 tons.  
16 This year, up to July 1st, 2,000 tons, and expect  
17 to sell 3,000 tons more. About five. And that  
18 is the capacity of the local market.

19 Q. These figures you just gave are, of  
20 course, sold within Newfoundland only?

21 A. Yes, that is within Newfoundland.  
22 The balance must be -- Our main markets are in  
23 places where the people live and where construc-  
24 tion is going on. Our two years' experience shows  
25 that the 90 per centum we have to export, we sell  
26 the following way: through our Montreal warehouse,  
27 42%; through our Three Rivers warehouse, 8%;  
28 through Quebec City channels, 12%; through  
29 Chicoutimi, 12%; Halifax, 5%; Summerside, Prince  
30





1 Edward Island, 3%; Toronto, 5%; Hamilton, 8%; and  
2 10% in Newfoundland.

3 Q. And you maintain warehouses at these  
4 places?

5 A. Yes, at these outlet places.

6 Q. How much of your raw -- What pro-  
7 portion of your raw material do you import?

8 A. We have to import from Canadian main-  
9 land wallboard paper, liner board --

10 Q. Could you give us the approximate  
11 tonnage?

12 A. The approximate tonnage is 6,000 tons  
13 per annum. This tonnage originates in the Toronto  
14 area, either Toronto itself or Thorold, Ontario.  
15 That is a special paper made on special machines  
16 and cannot be produced at the present time in  
17 Newfoundland.

18 Q. What other materials do you import?

19 A. We have to import practically all  
20 chemicals because there is no local chemical  
21 industry. It means starch, glue, potassium  
22 sulphate, lignasol, and all the other chemicals  
23 which go into the production, and explosives.  
24 Explosives we transport by rail.

25 Q. And the gypsum rock, where is that  
26 found?

27 A. Gypsum rock comes from our quarry at  
28 Flat Bay, which is roughly 65 miles west of  
29 Cornerbrook by rail.

30 Q. Dealing only with the import of your





1 raw materials from mainland Canada and the export  
2 of your finished product to mainland Canada, what  
3 type of shipping do you use?

4 A. Oh, we have at the present time on time  
5 charter, Canadian boat.

6 Q. The name of that?

7 A. The Patricia Sweeney.

8 Q. Could you give the tonnages carried by  
9 various vessels during your last year of operation?

10 A. The tonnages are the following: We  
11 carried by Patricia Sweeney this year 4,000 tons.

12 Q. That is a Canadian vessel?

13 A. That is Canadian.

14 Q. Yes?

15 A. Then, by Sheldrake - that is a British  
16 boat - 600 tons. Motor vessel Lunan, 1800 - that  
17 is a British boat. The Perth - that is a British  
18 boat - 1200 tons. Teeswood, 500 tons. Steamer  
19 North Coaster - that is a Canadian boat - 1,000  
20 tons. And by Norwegian boat, Export to the  
21 States, 4200 tons. Altogether that makes 13,300  
22 tons, and about 1700 tons by rail shipped to  
23 Halifax and the Maritime Provinces.

24 Q. This vessel, or steamer, North Coaster,  
25 what registry is she?

26 A. North Coaster is Canadian.

27 Q. And the last vessel you mentioned, the  
28 Marshdenden?

29 A. That is a Norwegian boat which went  
30 to the States.







1 Q. Have you computed the total costs to  
2 your company of freight in the final price of your  
3 goods?

4 A. Yes, but I do not know how far these  
5 figures can be actually compared because if you  
6 like to have the right answers you have to compare  
7 boats identical in every respect, in size, in  
8 speed, in arrangements of holds and hatchings,  
9 ship's gear, and so on. At the present time I  
10 can tell that shipping by Canadian boat is more  
11 expensive than shipping by British registry boats.

12 Q. Can you give any definite amount, or,  
13 as you say, is it too vague?

14 A. I don't think it would be very fair  
15 to say. I would prefer answering your questions  
16 not by quoting the exact figures in dollars and  
17 cents, which could be resented<sup>-ed</sup> by my customers, not  
18 disclosing their rate; but in approximate per-  
19 centages. That would be, say, about 25 to 30  
20 percentum more expensive is our Canadian operation  
21 than the British boats offered by our shipping  
22 agencies.

23 Q. You were making use of the Patricia  
24 Sweeney and the North Coaster, could you obtain  
25 British boats cheaper than these two?

26 A. I think so.

27 Q. Why did you use those?

28 A. A better answer maybe could be  
29 obtained from the shipping lines. My information  
30 is only indirect. I know but I have to pay





1 demurrage if I retain a vessel beyond my given time.  
2 But it gives an indication of what the cost of the  
3 boat is or probably should be.

4 Q. No, I did not make myself clear to you,  
5 sir. You have said that all the information you  
6 have indicates that the British vessels are 20 to  
7 30% higher (sic) than the Canadian vessels. I am  
8 sorry, the other way, the Canadian vessels are  
9 20 to 30% higher than the British vessels you were  
10 using. The Patricia Sweeney, was there any  
11 particular reason you had that boat, or the North  
12 Coaster?

13 A. Yes, there was particular reasons.

14 Q. Would you explain that briefly?

15 A. The Patricia Sweeney is on time  
16 charter for the whole season. We were not sure  
17 about the volume of our mainland business and  
18 didn't consider for proper to make commitments  
19 for a large boat, and we were looking for a 500  
20 ton boat and we couldn't get a small suitable  
21 British boat at the time we needed it and, there-  
22 fore, the Patricia Sweeney, which boat was  
23 familiar to us, because we operated this boat in  
24 the years before, 1952 and 1953 --

25 Q. Why were you concerned about getting  
26 a British boat that year, a larger boat that  
27 year?

28 A. This year and in the future we know  
29 what our volume of business can be and we could  
30 afford to employ on time charter a larger boat.





1 At the present time Patricia Sweeney cannot carry  
2 the volume of cargo we have to ship and, therefore,  
3 we have to employ the Perth and the Lunan and the  
4 North Coaster and the Sheldrake, Teeswood, and the  
5 other boats.

6 Q. What companies do you compete with on  
7 the Canadian market with your product?

8 A. We have to compete with two very large  
9 companies. The first one is Canadian Gypsum, a  
10 full subsidiary of United States Gypsum Company,  
11 and United States Gypsum Company is the biggest  
12 enterprise of this type in the world with a sales  
13 volume over 200,000,000 a year. Canadian Gypsum  
14 is a 100% owned by U.S. Gypsum. This company  
15 has three plants in Eastern Canada: One in  
16 Hagersville, Ontario; the other in Montreal City,  
17 and the third one in New Brunswick, Hillsborough.  
18 The other company, Gypsum Lime and Alabastine, a  
19 Canadian company operating plants in Montreal, in  
20 Caledonia, Ontario, in Winnipeg, Calgary, New  
21 Westminster.

22 Q. Are those your only competitors?

23 A. These companies establish the price  
24 for the type of material we manufacture and we  
25 have to meet this competition, selling at the  
26 same price.

27 Q. What is the market price to your  
28 company of your products?

29 A. How it works out, we can compare,  
30 for instance, gypsum lath. Gypsum lath is 3/8







1 inches thick and 16 by 48 inches in diameter. That  
2 is sold in Montreal at \$29 per thousand square feet,  
3 which would make \$36 per ton. The rail rate, if  
4 we take as an indication what the rate makes, is  
5 80 cents per 100 pounds, which would amount to  
6 \$16 per ton. Our revenues for one ton is \$36,  
7 deduct \$16; that would leave us \$20 per ton. Or,  
8 figure it in percentum. 16 from 36 would be 40  
9 percentum, roughly. 44.

10 Q. How about wallboard?

11 A. Wallboard, the situation is a bit  
12 different, because wallboard is a finer material.  
13 The price is \$10 more and the weight is the same,  
14 so the relationship between the final cost and the  
15 transportation would be about 30%.

16 Q. At present are these the only products?

17 A. These two products make the bulk;  
18 everything else is negligible.

19 Q. Would your competition on the mainland  
20 have corresponding costs to these figures for  
21 freight?

22 A. No, they will not have nearly as much  
23 because, for instance, where our market is in  
24 Montreal, the other two companies are, well, around  
25 the corner, just on the spot, because they have  
26 manufacturing plants in Montreal City, both.  
27 Their transportation expenses might make roughly,  
28 say, \$3 per ton; instead of my 20.

29 Q. Your 16?

30 A. Depending on what -- 16.





1 Q. Where is that difference in trans-  
2 portation set off in your product?

3 A. We have to cover the distance from  
4 Cornerbrook to Montreal, which is the biggest market  
5 for us, more than 700 miles; we have to absorb  
6 loading costs, the damage in transportation --

7 Q. I am sorry, I did not make myself  
8 clear. This difference which comes to roughly, as  
9 you say, \$13 a ton, how is this offset, is it passed  
10 on to the consumer?

11 A. No, the difference cannot be passed to  
12 the consumer because the merchandise is sold f.o.b.  
13 customer's siding or warehouse. The manufacturer  
14 has to absorb all transportation costs. It means  
15 that our plant has to absorb the excess transporta-  
16 tion costs.

17 Q. What would be the effect on your plant  
18 of an increase in transportation costs?

19 A. Extremely detrimental, if not fatal.

20 Q. Do you use C.N.R. facilities at all  
21 in your shipments?

22 A. Yes, we use C.N.R. facilities for  
23 places which are not easily accessible by other  
24 means, and we have to keep the customer satisfied;  
25 and during the winter time when the St. Lawrence  
26 River becomes icebound, but we try to do as little  
27 as possible. Before the St. Lawrence freezes we  
28 accumulate large quantities in our warehouses on  
29 the mainland to carry over the winter until the  
30 St. Lawrence is navigable again; but, in case of





1 emergency, we ship -- Like, Sherbrooke, for  
2 instance, is not easily accessible; Fredericton,  
3 Moncton.

4 Q. What do you find with regard to the  
5 effect of damaged cargoes on your operations?

6 A. When we ship by rail the damage is  
7 extremely high and originates mostly in the section  
8 Port aux <sup>Basques</sup> ^ and Sydney, where the merchandise  
9 must be taken out of the railway cars, put into  
10 the boats, taken out of the boats and put into  
11 railway cars again.

12 Q. Have you computed the effect on your  
13 product, the cost to you?

14 A. We absorb, if shipped by rail, without  
15 too much discussion if our customer claims two  
16 percentum damaged goods from the railway. I am  
17 speaking about outgoing transports.

18 Q. How about on your raw materials coming  
19 in?

20 A. The damage hazards on incoming goods  
21 is much higher. We have to bring in 6,000 tons  
22 of paper. Paper comes in rolls. The paper  
23 rolls have to have clean, even, smooth edges. If  
24 something happens to the edge the whole roll is  
25 out of service, cannot be used any more. The  
26 surface is damaged, some sheets, some layers of  
27 paper, all can be taken away as waste and the  
28 remainder is still usable. But, the biggest  
29 trouble is this: We cannot claim for damages in  
30 transportation the carrier for refund. When a







1 cargo of paper arrives at Cornerbrook we do a  
2 visual checking and estimate what is damaged. On  
3 these checking our claims are based; but when we  
4 actually take these paper rolls into operation we  
5 are always discovering that there are deficiencies,  
6 breaks invisible, not discoverable to the naked eye,  
7 you could discover only when you take into opera-  
8 tion. The difference between the actual loss and  
9 the loss as claimed makes approximately 5 percentum  
10 must be absorbed by ourselves. We cannot claim  
11 that from the transportation agency because their  
12 agents cannot be present at the time of discovery.

13 Q. 5% of what?

14 A. 5% of the value of the paper in the  
15 rolls.

16 Q. What does that amount to in a year?

17 A. Oh, you can figure it out. Say 130  
18 plus transportation, \$150 per ton; and 5%, \$7.50  
19 per ton is our damage losses which we cannot  
20 claim and have to absorb by our production costs.

21 Q. And how many tons do you import?  
22 6,000, I believe you said?

23 A. 6,000 multiplied by \$7.50 is \$45,000  
24 per annum.

25 Q. Can you explain briefly the number  
26 of persons employed and the extent of your pay-roll  
27 and the importance of this industry to Newfound-  
28 land?

29 A. Yes. We have approximately 160 men  
30 employed permanently and casual workers, mostly





1 for stevedoring and loading boats, they come and  
2 go as the boats go, so at the very peak we might  
3 have on one day, on our pay-roll, as high as 250.  
4 Ninety men are employed in loading two ships, 45  
5 each. What we pay our pay-roll is roughly half  
6 a million dollars.

7 Q. What are local purchases?

8 A. Local purchases are a quarter of a  
9 million dollars.

10 Q. And is that your total benefit to the  
11 economy?

12 A. No, that is only a portion of it.  
13 There are indirect benefits out of the volume of  
14 the business. More employment everywhere, more  
15 employment in Port aux <sup>Basques</sup> ~~A~~ to load our products  
16 into the boats and the railway, more employment  
17 in carrying rock from Flat Bay to the plant, more  
18 employment in all these service installations  
19 like garages and motor service companies.

20 Q. The direct benefits you gave us?

21 A. Yes. These are the indirect benefits.  
22 Even the C.T.N. and the mail and the telephone  
23 lines.

24 Q. Thank you.

25 MR. GERIN-LAJOIE: Q. Mr. Leja, will you  
26 say what your position is with the Atlantic  
27 Gypsum Company?

28 A. Managing director.

29 Q. How long have you occupied this  
30 position?





1           A.     From the very beginning when the  
2 company started to operate in 1952.

3           Q.     Are you in a position to tell the  
4 Commission how the price of transportation on the  
5 Patricia vessel, which is a Canadian registered  
6 vessel I understand, compares with the British  
7 registered vessels?

8           A.     Yes. The Patricia Sweeney is a  
9 different type of boat, it is a small boat with  
10 poor gear. Taking these factors into account and  
11 comparing with a boat of the type like, for  
12 instance, the Sheldrake or the North Coaster, our  
13 costs would be, in operating on a time charter,  
14 about 25 to 30% higher than we can get now.

15          Q.     Do I understand you operate the ships  
16 yourselves?

17          A.     Yes.

18          Q.     The company?

19          A.     Yes, one, Patricia Sweeney.

20          Q.     And the others you just -- ?

21          A.     Charter from the companies on time.

22          Q.     Do you operate?

23          A.     Just for one trip.

24          Q.     Do you operate her yourself for the  
25 time you have her on charter?

26          A.     The other ships we charter for one  
27 trip, we load to take so many tons from Humber  
28 Mouth to Montreal. Our obligation starts at  
29 Humber Mouth, where we have accepted the boat  
30 for loading, and terminates in Montreal, where







1 we deliver the boat unloaded.

2 Q. The Patricia Sweeney, do I understand,  
3 is owned by your own company?

4 A. That is on time charter all the time  
5 with pay per day for all the season, so we take all  
6 the risk, like, rainy days.

7 Q. And may I ask you why your company does  
8 not charter a British registered ship instead of this  
9 Canadian registered one?

10 A. By that time when we were involved in  
11 looking for the boat we wanted, a small boat, we did  
12 not know what would be the volume of our business and  
13 we could not obtain such a size of British boat and  
14 took over, therefore, the Patricia Sweeney which  
15 was a small and familiar boat to us out of 1954  
16 and 1953 operation when we had it.

17 Q. Do you still have the Patricia Sweeney  
18 this year, 1955?

19 A. Yes, for all the year; we have chartered  
20 for all the year.

21 Q. May I ask if this particular year, or  
22 just before this season, you have tried to have a  
23 British registered one?

24 A. Just for this one. Last year we had a  
25 different set-up. The Patricia Sweeney called at  
26 Humber Mouth, but not as our boat but operated by  
27 Gerald Murphy & Sons Limited, we had a contract  
28 with that company.

29 Q. These ships operate from Cornerbrook  
30 to Three Rivers and Montreal?





1 A. Mostly as far as Toronto.

2 Q. Do these ships have any shipment on  
3 their way back to Newfoundland, or not?

4 A. I hope so. I never questioned, did  
5 not have any interest whether they have return  
6 cargoes or not, but suppose they have.

7 Q. You have no information on this point?

8 A. Our return cargo is carried mostly by  
9 Patricia Sweeney, as our boat with a destination to  
10 our plant. Whether these boats, like the Sheldrake  
11 and Teeswood, do have any eastbound cargo I do not  
12 know, but I suppose yes.

13 Q. You have not any idea of what the  
14 completion of the St. Lawrence Seaway might have  
15 on the shipping costs, do you?

16 A. Before practical experience I wouldn't  
17 say a word. Our situation is a little different.

18 Q. I was asking this question about the  
19 possibility your ships might be coming back empty  
20 from Montreal to Cornerbrook because it is possible  
21 with the St. Lawrence Seaway these ships may be  
22 able to find a shipment on their way back and in  
23 that circumstance I suppose the shipping costs  
24 both ways would be disturbed, so it may be of some  
25 importance to know now whether they have any  
26 shipments back or not; but you say you do not have  
27 any information?

28 A. For instance, as far as the North  
29 Coaster and Sheldrake, the Clarke boats are  
30 concerned, I know that they have return cargo.





1 Whether they are full or not, I do not know, but we  
2 always have to wait until these boats discharge  
3 their cargoes at Western Terminals and then come  
4 over to our dock. They do not arrive straight  
5 from the Gulf to our docks but always go to  
6 Western Terminals first.

7 Q. Can you say something about the  
8 difficulties of competing with the Canadian Gypsum  
9 Company, your own company, has found?

10 A. All is matter of price. The material  
11 is made up to comply with standard specifications  
12 and the quality of the material cannot be below  
13 certain levels established by the standards, so  
14 the quality is the same. What is decisive is  
15 price and, in the peak of the construction, fast  
16 delivery, can you give it immediately or to-  
17 morrow.

18 Q. Can you say whether the cost of  
19 production by your company is lower than the cost  
20 of production by the Canadian Gypsum Company?

21 A. On the contrary, our costs have to  
22 be higher.

23 Q. Production on the spot apart from  
24 freightage?

25 A. Yes, because we have to import the raw  
26 materials, the most important ingredients, like,  
27 paper and chemicals, from the mainland and pay  
28 the eastbound transportation. Our competition on  
29 the mainland has these materials, if not on the  
30 spot -- it is not a distance of hundreds of miles.







1 Q. You have to bring in, do you mean, every  
2 single product used in the manufacture of your  
3 product?

4 A. Except plaster and water, electric power,  
5 that is in this country; everything else must  
6 come in.

7 COMMISSIONER BELANGER: The gypsum?

8 THE CHAIRMAN: Q. Gypsum, there is not much  
9 of that in Montreal, is there, Mr. Leja?

10 A. Our gypsum is transported from Flat Bay  
11 to Cornerbrook by rail and costs \$1.22 per ton. The  
12 transportation of the gypsum rock from Nova Scotia  
13 to Montreal costs \$2.20, so the transportation from  
14 Dingwall to Montreal is only about \$1.30 more than  
15 our transportation costs; but they have other  
16 advantages: They do not pay anything for paper  
17 transportation, for chemicals and, not only the  
18 transportation costs, but the paper, fresh from the  
19 paper mill, is of better quality and less waste and  
20 damage than what we receive.

21 COMMISSIONER BELANGER: Q. Do you have any  
22 figures on wages?

23 A. We have the same union as the mainland  
24 plants.

25 Q. I imagine the wages would not be the  
26 same?

27 A. The wage scale will be maybe by 15  
28 cents an hour basic rate will be lower but it is  
29 upset by different speed of the machine. The  
30 mainland plants operate at speeds of 80 and 90





1 feet per minute; we operate at 45 and we cannot  
2 operate at 90 because that would mean double as  
3 much production capacity and we have not the market  
4 to sell that amount, unless we go into the export  
5 business or too far west and the transportation  
6 costs will make the whole proposition prohibitive.  
7 Therefore, the 45 foot speed per minute is taken,  
8 after long consideration, as the maximum we can  
9 afford to run. The number of men employed is not  
10 in proportion to the speed of the machine.

11 MR. GERIN-LAJOIE: Q. Are you in a position  
12 to tell the Commission how much it costs per ton  
13 to ship your products from Cornerbrook to Montreal  
14 on the Patricia Sweeney?

15 A. Yes. How would you like to have the  
16 answer, just the ship's expenses or taking into  
17 account our loading costs, the ship's expenses,  
18 pilotage, wharfage, unloading costs, warehousing  
19 costs, trucking expenses to the customer - that  
20 would cover the whole problem of transportation -  
21 or just this portion, how much the ship's cost  
22 make out?

23 Q. What I have in mind is the cost, let  
24 us say, from the wharf in Cornerbrook to the wharf  
25 in Montreal, unloaded?

26 A. With the Patricia Sweeney it is --  
27 depends on the voyage. If the weather is good  
28 that is a little bit lower. If there are some  
29 delays it is higher. It fluctuates between \$6.50  
30 and \$6 a ton.





1 Q. What about the cost per ton of the  
2 Lunan or any of the other British ships?

3 A. I don't know whether that would be  
4 very fair, I would say these figures, what the  
5 Newfoundland Great Lakes steamship company would  
6 resent that and tell what the cost is because this  
7 is a public hearing. The rates are rates in  
8 competition.

9 Q. Well, would the Chairman like to have  
10 this figure in public or not in public? I believe  
11 it is of some importance because the Commission  
12 wishes to compare the cost of the British and  
13 Canadian operated ships.

14 THE CHAIRMAN: Surely the witness can give  
15 the cost of the operation of the ship they charter.

16 Q. How much does it cost you, there is  
17 nothing secret about that?

18 A. It is different. Clarke boats cost  
19 different to Newfoundland Great Lakes boats. We  
20 pay per ton and I am not sure whether my customers  
21 would not resent if I made public these figures,  
22 how much I paid to one and how much I paid to  
23 another.

24 MR. ROWNTREE: My principals instruct me  
25 that they have no objection to Dr. Leja revealing  
26 the freight rates or the tonnage rates which he  
27 pays to our company.

28 THE CHAIRMAN: That is, the Newfoundland  
29 Great Lakes?

30 MR. ROWNTREE: Newfoundland Great Lakes.







1 THE CHAIRMAN: What are the Newfoundland  
2 Great Lakes boats you use?

3 A. Newfoundland Great Lakes I can tell,  
4 it is \$4.50 per ton. And the Clarke is approxi-  
5 mately in the vicinity. Just an idea.

6 Q. I did not understand that?

7 COMMISSIONER BELANGER: It is in the vicinity.

8 COMMISSIONER WICKWIRE: Q. In which vicinity?

9 A. In the same rate of \$4.50. \$4.50 per  
10 ton is the rate I have to pay Newfoundland Great  
11 Lakes; Clarke Steamship Company I have to pay a  
12 different rate but the rate is in the vicinity of  
13 the same figure.

14 COMMISSIONER BELANGER: Q. It is in the  
15 vicinity of U.K. ship, more in that vicinity than  
16 in the other one?

17 MR. GERIN-LAJOIE: Q. Do I understand these  
18 ships, let us say, from the Newfoundland Great  
19 Lakes Steamship Company are chartered ships for  
20 one trip at a time?

21 A. Just for one trip.

22 Q. Just one way?

23 A. Yes.

24 Q. And when you mentioned in the vicinity  
25 of \$6 or \$6.50 for the Patricia Sweeney, do you  
26 take into account that the ship comes back empty  
27 or loaded?

28 A. No, loaded. That is one of our  
29 expenses. The westbound voyage expenses make  
30 out the \$6 or \$6.50 per ton.





1 Q. Do you know if the expense is the  
2 same for the voyage eastward?

3 A. Maybe; maybe not, you see. You sail  
4 downstream, you save three or four hours' time and  
5 the ship may not be fully loaded and with a cargo  
6 with a higher rate. You can save half a day,  
7 something like that.

8 Q. May I ask you why your company  
9 operates the Patricia Sweeney if it costs more  
10 than the British registered ships?

11 A. We committed for the year, the contract  
12 was signed this February and we committed to use it.

13 Q. Is this the reason it costs more,  
14 because you have it for the year, whether you use  
15 it or not?

16 A. If we would not use it we would have  
17 to pay the same rate per day for nothing, so at  
18 this time we have only to absorb the difference  
19 in the rate itself and \$4.50. But, that is not  
20 all; we have to have our own ship under our own  
21 direction, which we can send when necessary to any  
22 place where necessary. We cannot depend on  
23 chartered boats, they might not be available at  
24 the time we urgently need them.

25 Q. Is your own operated ship, like the  
26 Patricia Sweeney, occupied all the time, almost  
27 every day of the season?

28 A. Yes.

29 Q. Or not quite so much?

30 A. Every day of the season, runs





continuously.

1  
2 Q. How would you account in your personal  
3 opinion for the difference between the Patricia  
4 Sweeney and the other British registered ships,  
5 let us say, those of the Newfoundland Great Lakes  
6 Steamship Company?

7 A. We couldn't just compare the Patricia  
8 with, for instance, North Coaster or any other boat  
9 because they are different types of boat. One is  
10 a thousand ton boat, one is five hundred; one is  
11 motor vessel, one is steamer; one has big hatches  
12 and square holds, the other is bulging; one is  
13 double-rigged gear, the other one has single.  
14 We use much time on unloading, we cannot maintain  
15 the speed and must employ more men and cannot do  
16 what we can with the other boats. But where it  
17 originates, the best answer could be obtained  
18 through the people who charter the boats or own  
19 the boats. I can only tell what we have in our  
20 accounts and what our books show.

21 Q. Thank you.

22 COMMISSIONER BELANGER: Q. You mentioned  
23 earlier that you estimated that a Canadian built  
24 and registered vessel would cost about 20% more.  
25 Did you say that at the beginning?

26 A. If we -- The present status it is  
27 even more, it is 25% or more. \$4.50 and \$6; but  
28 there is a 30% difference.

29 Q. If you compare to the Patricia?

30 A. We cannot compare these two boats.







1 If you take into account for a similar boat, that  
2 would be the approximate relationship. How did it  
3 originate? The British boats are cheaper in  
4 capital investment, they are paying lower salaries  
5 and wages; it amounts in the end to a certain  
6 difference per tonnage.

7 Q. Your statement would not apply to the  
8 North Coaster, about the higher cost of 20%,  
9 that would not apply to the North Coaster?

10 A. North Coaster is a Canadian boat.  
11 We cannot apply to the North Coaster, that is  
12 special arrangement with Clarke. Sometimes for one  
13 special trip you might get a cheap Canadian boat  
14 because the Canadian boat is in distress and needs  
15 cargo and we can offer and get a reasonable rate.  
16 To compare these rates we have to take in every  
17 respect identical conditions.

18 Q. Did your company ever contemplate  
19 opening a plant in Montreal or any other part of  
20 the Province of Quebec?

21 A. No, we did not; but we are interested  
22 in something else, in exporting gypsum rock out  
23 of the Province, do the same thing that Nova  
24 Scotia is doing, but that depends completely on  
25 transportation. The rock costs in the quarry are  
26 one-third of the total cost paid by the consumer;  
27 two-thirds is the transportation. So, if we can  
28 get an arrangement of cheap transportation we  
29 might go into this business; if the transportation  
30 rate is higher than we can afford to pay the whole





1 project must be shelved.

2 Q. Would you export that to the mainland?

3 A. Yes, that would go to Montreal. After  
4 the Seaway as far as Toronto, gypsum rock, because  
5 there is no gypsum rock available in the Province  
6 of Quebec and in the Province of Ontario, just by  
7 mining poor quality rock. So, at the present time  
8 they are buying from National Gypsum in Nova Scotia.  
9 National Gypsum is an American company. We would  
10 like to have this business as a Canadian company for  
11 the gypsum business. And cement needs 3 to  $3\frac{1}{2}\%$   
12 gypsum to make cement. That is a large volume  
13 of business.

14 MR. ROWNTREE: Dr. Leja, you referred to the  
15 fact that last year you used the vessel Patricia  
16 Sweeney which was then operated by, I believe it  
17 was, Gerald Murphy?

18 A. Yes, that is right.

19 Q. Is it not the fact that last year  
20 Gerald Murphy operated two vessels of Canadian  
21 registry?

22 A. Yes, that is right.

23 Q. Is it not also true that last fall  
24 Gerald Murphy's firm went bankrupt?

25 A. I am sorry, it is true, too.

26 MR. HUNT: Just to clarify a point which arose  
27 out of further questioning. You mentioned you had  
28 a \$6 rate to \$6.50 rate on the Patricia Sweeney.  
29 Was that based on a time charter?

30 A. On time charter.





1 Q. Your rate with Newfoundland Great Lakes  
2 at \$4.50, what was that based on?

3 A. That is a trip charter. That means the  
4 following: We agree to a certain trip. The  
5 company allows me certain time to keep the vessel  
6 at my dock for loading; say, two days. Then, I  
7 do not care how many days the boat is en route and  
8 I keep, for unloading, two days. There again, if  
9 I cannot unload in two days or cannot load in two  
10 days, I need more time, then I have to pay  
11 additional payment for any excess, of the ton rate,  
12 called demurrage, so many dollars a day; say, five,  
13 six, eight hundred dollars, in proportion.

14 Q. You mentioned Clarke Steamship gave  
15 you a rate of \$4.50 a ton?

16 A. That is not exactly Clarke Steamship;  
17 that is Newfoundland Great Lakes.

18 Q. They give you \$4.50. Was there any  
19 other rate at \$4.50?

20 A. Not these rates were apply to all the  
21 boats. That was the Lunan and the Perth. Both.

22 Q. I think in your evidence you said that  
23 Clarke was around that figure. Do you want to  
24 correct that?

25 A. No, no, that is right. I wouldn't  
26 like to release these figures without Clarke  
27 consents.

28 Q. What vessel was that with?

29 A. That was Sheldrake and North Coaster.

30 Q. The Sheldrake, I think, is British







1 registry?

2 A. Yes.

3 Q. Thank you, Mr. Chairman.

4 COMMISSIONER WICKWIRE: Doctor, you say you  
5 do not wish to release the figure without Clarke's  
6 consent. Would you care to say whether it is  
7 lower than \$4.50 or higher?

8 A. It is both ways. On one boat, on the  
9 Canadian boat, it is higher; and on the British  
10 boat it is lower. We have the Sheldrake and the  
11 North Coaster.

12 Q. Thank you.

13 A. But the explanation might be a  
14 different way, because the Sheldrake was after a  
15 cargo, I don't know, and therefore gave me the low  
16 rate; and the North Coaster was not particularly  
17 interested in my cargo.

18 Q. That would apply to the British bottom  
19 as well as the Canadian bottom, would it not? If  
20 any ship owner is hard up for cargo you can always  
21 get a better rate out of him than if his ships are  
22 fully employed on profitable runs?

23 A. It is only my belief that the British  
24 boats can give better rates because their expenses  
25 are lower than Canadian.

26 ---The witness withdraws.  
27

28 MR. HUNT: Mr. Ballock, Mr. Chairman.  
29  
30

---





1                    ANTHONY E. BALLOCK, called.

2            MR. HUNT: Q. Your occupation, Mr. Ballock?

3            A. I am assistant to the general manager  
4 at Bowater's at Cornerbrook.

5            Q. That is Bowater's Pulp & Paper Mills  
6 Limited?

7            A. Correct.

8            Q. How long have you been associated with  
9 that company, or affiliated?

10          A. 17 years.

11          Q. How long have you been in Newfoundland?

12          A. About six years all told.

13          Q. Are you familiar with the transporta-  
14 tion requirements of Bowater's?

15          A. In its particular terms it is one of  
16 our most important problems.

17          Q. Mr. Chairman, to save time, the witness  
18 prepared a statement entitled: "CORNERBROOK SHIPMENTS  
19 DATA FOR ROYAL COMMISSION ON COASTING TRADE", and  
20 I would like to put that in as an exhibit. It  
21 will save considerable time, I think.

22            THE SECRETARY: This will be Exhibit No. 20.

23  
24 ---EXHIBIT NO. 20: Data for Royal Commission on  
25 Coasting Trade re Cornerbrook  
26 shipments of Bowater's Pulp &  
Paper Mills Limited.

27            MR. HUNT: Q. Who prepared this exhibit,  
28 Mr. Ballock?

29            A. I prepared it myself as a guide,  
30 really, not as part of our submission, but as a  
guide to any questions that the Commission might





1 wish to ask.

2 Q. Could you explain the total movements  
3 of cargo by Bowater's from Cornerbrook, or to  
4 Cornerbrook?

5 A. Might I just explain, we manufacture  
6 newsprint and pulp. The newsprint is manufactured  
7 80% for the United States market, about 10% for  
8 the United Kingdom market and 10% for the Imperial  
9 markets -- Australia, New Zealand, South Africa  
10 and India. The pulp is manufactured for the  
11 United Kingdom market only. Newsprint shipments,  
12 as you can see from Table 2(b) amount to some  
13 314,000 tons; and our pulp to 50,000 gross tons  
14 per annum. Main raw material, of course, is wood  
15 and that wood comes from within the Province. Our  
16 subsidiary raw materials are listed in Para. 2(a)  
17 of which the fuel oil is a trade unto itself,  
18 carried in tankers owned by the supplying companies.  
19 Our supplies of sulphur and alum are both basic  
20 raw materials, as are wrappers and cores.

21 Q. Speaking on your raw materials, those  
22 listed in 2(a), as you said you have listed the  
23 tons required by your industry. Can you give the  
24 vessels, the nationality, on which those are  
25 shipped?

26 A. The fuel oil comes in either privately  
27 owned vessels - such as the Shell fleet - or in  
28 charters, Panamanian, South American, Greek, all  
29 types and conditions of tankers. The coal comes  
30 from the Great Lakes as a return cargo in the







1 lakers which take our paper to Detroit, Cleveland,  
2 Buffalo, Lake Erie, Lake Ontario and Lake Michigan.  
3 The sulphur -- I should say, these lakers are all  
4 Canadian flag. The sulphur comes in a return  
5 cargo in the vessels that take our newsprint to  
6 the Gulf ports of Texas. They could be Canadian  
7 flag. It has been, occasionally, British flag.  
8 Last year it was carried by one vessel, a Norwegian  
9 vessel, but that was purely a coincidence. It  
10 might equally have gone on any ship that ran on  
11 the Gulf service. The alum comes as a return  
12 cargo in the ships that carry our pulp to Great  
13 Britain. The wrapper is similar to the coal, a  
14 return cargo on lakers. The cores, a small item  
15 of 1500 tons, is a return cargo on every type of  
16 ship. They all bring back cores as and when they  
17 can.

18 Q. What vessels were used on your outward  
19 mill cargoes?

20 A. Outward mill cargoes. On page 3 I  
21 have listed a few typical ones down at the bottom.  
22 They are not a full list. These are the U.S.A.  
23 east coast ports, Florida and Gulf of Texas. The  
24 Margaret Bowater is British flag and is owned by  
25 an associated company, the Bowater Steamship  
26 Company. It is a brand new ship due to be joined  
27 by her sister. Then, the Vinland and the Liver-  
28 pool Rover. There is another ship, the Liverpool  
29 Packet, which has done a great deal of service on  
30 the east coast run. The two Liverpool boats





1 are owned by the Markland Shipping Company from  
2 Liverpool, Nova Scotia. The Fort Avalon is a  
3 peculiar case as that is the only one of these  
4 vessels that is on a scheduled service. That ship  
5 carries - it may be outside my field - it carries  
6 cargo, I believe, from New York to Halifax and  
7 St. John's. It comes to Cornerbrook with some  
8 general cargo and then on each voyage she takes a  
9 cargo of newsprint for us to New York on a routine  
10 service. As far as we are concerned it is a  
11 regular service running to dates. The Elg is one  
12 we had chartered on a long term charter for, I  
13 think, about four years now. She will fall out  
14 probably as we get our new ships. On the Great  
15 Lakes we employ the Paterson lakers - that is,  
16 N.M. Paterson & Co., who have given us our lake  
17 service for several years with much satisfaction.  
18 They are 2,000 tonners. To ship the pulp to the  
19 United Kingdom we must obtain ships of special  
20 sizes as the dock at our receiving mill has a  
21 limited access and we have to get a large number  
22 of special size vessels, which at the moment are  
23 a Scandinavian monopoly. The same applies to  
24 the pulpwood. As can be seen from the table,  
25 they are all small vessels. Those are the main  
26 ships we use and, in fact, the whole shipping  
27 operation is very much a joint one. I might add  
28 that it is slightly more complicated than might  
29 appear at first, in that we have a sister mill  
30 down in Tennessee and our shipping operation is,





1 to a certain extent, linked with hers. It will be  
2 more so as our own vessels come into service. At  
3 the moment the ships will load a part cargo at  
4 Charleston, South Carolina, and complete at  
5 Cornerbrook and deliver that cargo as a single  
6 unit to one of our operating units in Great Britain.

7 Q. Just returning to page 1 for a moment.  
8 Can you give any percentage for the Commissioner's  
9 information on amounts moved by various flag  
10 vessels, or would it be too difficult to obtain?

11 A. It is rather a difficult one. Last  
12 year our outward cargoes of newsprint to the U.S.A.  
13 were moved, and this is purely an estimate,  
14 probably 75% by vessels under Canadian flag.  
15 We had one of our own vessels in service last year,  
16 which was under Newfoundland registry and, there-  
17 fore, came under Canadian flag on Confederation.  
18 Perhaps 15% of the U.S. traffic was in Scandinavian  
19 ships, in the Elg, perhaps 10%, and the balance in  
20 British shipping.

21 Q. Would you identify the average inward  
22 and outward cargo to your mill during the last  
23 few years?

24 A. That is in paragraph 1. That merely  
25 gives the average inward cargo which arrives at  
26 our own docks, and the tons outwards is the tonnage  
27 of mill products actually exported from our own  
28 docks.

29 Q. Does that include the raw product  
30 moved around the Coast?







1           A.     It does not include wood barged around  
2 the coast of Newfoundland, which I might explain  
3 is our wood -- A lot of it comes from coastal  
4 points and we ship that in barges with tugs,  
5 Canadian flag, from these coastal points direct to  
6 Cornerbrook. It is a fairly large tonnage, as you  
7 will see from paragraph 3(a) at the bottom of  
8 page 2. It is a major operation, although special  
9 in its kind.

10           Q.     Can you explain the contents of 3(b)  
11 and 3(c), and also the type of vessels used there?

12           A.     Yes. 3(b) is our pulpwood, which we  
13 export from Bonavista Bay, Notre Dame Bay to one  
14 of our associated mills in England. The average,  
15 as you see, runs at about seventy or eighty thousand  
16 cords a year, which is shipped in the raw state  
17 at the moment entirely in Scandinavian ships.  
18 That is because, as I mentioned, the dock at the  
19 receiving end is limited in size and these ships  
20 are the most suitable. We are hoping, and indeed  
21 planning, that some of the new ships which are to  
22 be built will be capable of taking that traffic.

23           Q.     3(c)?

24           A.     3(c). The resources of Newfoundland  
25 can only be exported in the summer months so to  
26 assist the United Kingdom mills to obtain year-  
27 round shipments of wood we ship for them from  
28 Nova Scotia and New Brunswick an amount which varies  
29 quite considerably each year of raw wood direct  
30 from Maritime ports such as Digby, Shallow Harbour,





1 some from Halifax, St. John, New Brunswick,  
2 and that, again, is traffic entirely in the  
3 Scandinavian flag.

4 Q. Would you explain paragraph 4, briefly?

5 A. Paragraph 4 is the actual charges that  
6 arose last year in connection with ocean transport.  
7 4(a) is self-evident, except I should point out the  
8 fuel oil does not exactly tie up with the tonnage  
9 as shown in paragraph 2. It might appear that the  
10 two are identical, but it so happens one cargo  
11 arrived on December 31 and got into the yearly  
12 totals in one and did not get into them in the  
13 other.

14 Q. Those totals can be compared with 2(a),  
15 and are not coastal trade?

16 A. Yes. Those are amounts we actually paid  
17 for inward cargoes. The outward cargoes are what  
18 we paid for deliveries, exclusive of deliveries such as  
19 those to the Australasian and South African markets,  
20 where the sales are made f.o.b. Subparagraph (c)  
21 is the straightforward cost of the three pulpwood  
22 movements - Newfoundland to England, the Maritimes  
23 to England, and the coastwise barge traffic.

24 Paragraph 5: I was asked to put in the  
25 sales to illustrate the size of the Bowater operation  
26 in Newfoundland. The exports totalled about  
27 \$45½ million last year.

28 Q. Can you amplify that by giving the  
29 importance of Bowater's to Newfoundland, pay-roll  
30 and so on?





1 A. Offhand I would say that it is one of  
2 the largest manufacturing companies in Newfoundland,  
3 as far as pay-roll is concerned. Our yearly peak  
4 employment is approximately 5,000 men and our  
5 pay-roll approximately \$17 million, including  
6 wood contractors.

7 Q. Can you give the Commission the  
8 approximate percentage of freight inward and out-  
9 ward to the price received for your product?

10 A. The total freight charges, from this  
11 table, are slightly over 10% of the total sale  
12 price of our products. That is, of our exported  
13 products - \$45,500,000 - the total freight charges  
14 last year, which incidentally was a low freight  
15 year generally - were over \$5 million. They will  
16 be a lot higher this year as freight charges are  
17 tending to move upwards, in some cases fairly  
18 rapidly.

19 Q. What would be the effect, do you think,  
20 of a restriction to Canadian vessels in the  
21 Canadian coastal trade?

22 A. As we see it, the worst effect on us  
23 is that we would lose flexibility in our  
24 operation. Our operation as it is now and as  
25 it will be, particularly, in the future, must  
26 be an integrated ocean movement. We must be able  
27 to bring a ship from Cornerbrook, say, to New  
28 York; on its next trip it may not be convenient  
29 to keep it on its run and we may want to send  
30 it down to the Great Lakes. I am looking to the







1 days when the Seaway is a reality and we will have  
2 a fair-sized fleet of our own. We will want to  
3 swing these ships about to give the most economical  
4 over-all cost. Where we can charter at a reason-  
5 able rate we will charter; where our own ships  
6 can do it most economically we will send our own  
7 ships. It will have to be a planned movement,  
8 taking advantage of every opportunity which  
9 arises. We fear if the trade is restricted not  
10 only will we lose our flexibility but that there  
11 will also be a tendency - and this is nothing more  
12 than a fear - for the general level of freights  
13 to rise and thereby handicap us in our over-all  
14 freight picture.

15 Q. On your trips to the lakes do you  
16 trade with the United States or with Canada?

17 A. Entirely at the moment with the United  
18 States. In the future nobody knows. At the moment  
19 all our newsprint sales in North America are to  
20 the United States.

21 Q. How about return cargoes?

22 A. Return cargoes are partly United  
23 States - that is, the coal, the rubber and,  
24 occasionally, the alum, although recently we have  
25 been getting it from England. The rubber always  
26 comes from down the river and, at times, we bring  
27 alum from down the river, too.

28 Q. Those are your chief imports from the  
29 mainland?

30 A. Yes. Rubber almost entirely and new





1 cores, the finishing materials, and we bring them  
2 as return cargoes in the vessels that serve the  
3 Great Lakes.

4 Q. I do not know, Mr. Chairman, if this  
5 is pertinent or not, but I would like to ask this  
6 question: What would be the effect on your company  
7 of restricting Great Lake traffic to Canadian or  
8 United States vessels only?

9 A. By Great Lakes would you-- Would you  
10 draw this line at Montreal, as was suggested this  
11 morning?

12 Q. From Montreal and below, from Lake  
13 Ontario west, if you could not go into Lake Ontario  
14 and west -- if you could not take a vessel, other  
15 than an American or Canadian vessel, into Lake  
16 Ontario and west, how would that affect you?

17 A. That would be desperate to us. It  
18 would mean our entire shipments to the American  
19 Great Lakes ports would be restricted. I take it  
20 you meant American ports to be included in that?

21 Q. American ports included. How would  
22 it affect you if all American coastal ports were  
23 closed except to ships of American and Canadian  
24 registry?

25 THE CHAIRMAN: What kind of thinking is  
26 entering into that kind of conjecture?

27 MR. HUNT: I see what you mean, Mr. Chairman.

28 THE CHAIRMAN: Then, let us not wander  
29 farther afield.

30 MR. GERIN-LAJOIE: Q. To start from your





1 last answer, Mr. Ballock: Would you say if you have  
2 any vessels going into the United States Great  
3 Lakes ports of your own?

4 A. Not of our own. At the moment it is  
5 the Canadian flag service - the Paterson line -  
6 that takes our paper to Lake Erie, Lake Ontario  
7 and Michigan, and returns in various stages of  
8 emptiness to Cornerbrook.

9 Q. And by Canadian vessels?

10 A. They are Canadian registered vessels.

11 THE CHAIRMAN: Why did you use such a strong  
12 adjective as "desperate", because the Paterson line  
13 is a Canadian line and would not be excluded?

14 A. That is at the moment.

15 Q. Have you, in the past, carried that in  
16 anything but Canadian bottoms?

17 A. In the past it has always been by  
18 Canadian bottoms; in the future we hope to be able  
19 to carry it in British bottoms as well when the  
20 Seaway is opened. We have our Bowater ships and  
21 we hope to be able to use them on that route as  
22 well as others.

23 Q. These Bowater ships will all be of  
24 British registry?

25 A. They are owned by an associated company  
26 in England.

27 MR. GERIN-LAJOIE: Q. Mr. Ballock, looking  
28 at page 3 of your memorandum will you say whether  
29 the ships mentioned in item No. 7 are the only  
30 ones you use for transportation of your products?







1  
2 A. No, they are not. They are typical  
3 examples. In the case of the pulpwood and pulp  
4 to the United Kingdom we use a very large number  
5 of different ships. The pulp is almost entirely  
6 transported on Gorthon line ships, and I quoted two  
7 of the typical sizes. In the pulpwood, which is  
8 largely again the Gorthon line, the Pahlsson line  
9 and the Maersk line of Denmark, there are a large  
10 number of other ships, of which these are typical.

11 Q. What type of contracts had you with  
12 these shipping companies, do you charge them one  
13 way or for the season?

14 A. The ones listed here are all the long  
15 term charters. In addition we do negotiate a few  
16 spot charters as and when we need them. I have not  
17 listed any of the spot charters here as they are  
18 becoming fewer and fewer.

19 COMMISSIONER WICKWIRE: What do you mean by  
20 the "spot" charters, single voyages?

21 A. Single voyage charters.

22 MR. GERIN-LAJOIE: Q. I see only the names  
23 of two vessels registered in Canada. Are there a  
24 fairly large number of Canadian vessels used by  
25 your company?

26 A. In the first item, the Vinland and  
27 Liverpool Rover; there is also the Liverpool  
28 Packet. They are the Markland ships on the east  
29 coast. The lake trade, as I say, is all  
30 Canadian.

Q. You have no arrangements for trans-





1 portation by other companies, if I may mention the  
2 Branch Lines for instance?

3 A. The Branch Lines is entirely a coastal  
4 pulpwood movement, and that is the one shown at  
5 the top of page 2. Those are the dumb barges of  
6 which Branch Line supplies five and two tugs.  
7 They run a shuttle service back and forth around  
8 the coast and that is, of course, entirely a  
9 Canadian service and one which has been developed  
10 jointly between Branch Lines and our own company  
11 as a special type of marine operation.

12 Q. Will you explain whether the ships  
13 mentioned in Item 7 also come under Item 3(b) and  
14 (c)?

15 A. 3(b) and (c), that is pulpwood exported  
16 to the United Kingdom from either Newfoundland or  
17 the Maritime. Typical ships are those three  
18 listed last - Carl Gorthon, Edda, Hans Maersk.

19 Q. Now, if I understood correctly, I think  
20 you expressed the fear - and you said it was only  
21 a fear - that if shipping were restricted to  
22 Canadian registered ships you thought there might  
23 be a rise in freight rates?

24 A. That is correct.

25 Q. Would you concede it as possible,  
26 with the St. Lawrence Seaway completed, that  
27 freight rates might come down, let us say, from  
28 Cornerbrook, or anywhere in Newfoundland, to the  
29 Great Lakes?

30 A. We hope that they will come down.





1 We do not know what the toll charges will be, we have  
2 no idea, but we cannot see how they can fail to go  
3 down when the Seaway is open, when our own ships,  
4 for example, can trade in and out of the Great  
5 Lakes. They can be kept so fully occupied, they  
6 can run that trade in the summer and they can  
7 perhaps run pulpwood from the Maritimes in the  
8 winter.

9 Q. Now, if I understand correctly Item 2  
10 of your memorandum, the outward cargoes are much  
11 larger in tonnage than the inward cargoes?

12 A. Oh, by far.

13 Q. Do you know if the ships are fully  
14 loaded when they come back to Newfoundland, or  
15 close to Newfoundland, or have you any information  
16 on that?

17 A. They are very seldom -- very seldom  
18 do they get cargoes.

19 Q. Very seldom?

20 A. Yes.

21 Q. The ships that come from United States  
22 ports?

23 A. There is almost nothing for them,  
24 without a major diversion, outside of a general  
25 cargo.

26 Q. What American ports have you in mind?

27 A. Philadelphia, Baltimore, Norfolk,  
28 Richmond, Savannah, Jacksonville, Miami; all the  
29 way around.

30 Q. Do you know if some of these shipments







1 from Newfoundland to the States will be able to go  
2 through the St. Lawrence Seaway when it is com-  
3 pleted?

4 A. None.

5 Q. None of them can go?

6 A. None to the east coast. The St.  
7 Lawrence Seaway, as far as the United States  
8 newsprint market is concerned, will only be the  
9 Great Lakes territory - that is, particularly,  
10 upstate New York, the Pennsylvania coast and right  
11 through the lakes.

12 THE CHAIRMAN: Q. Chicago and Detroit?

13 A. Exactly.

14 MR. GERIN-LAJOIE: Q. Have you any breakdown  
15 of the tonnage you ship to the Atlantic ports of  
16 the United States, compared to Great Lake ports?

17 A. It varies from year to year but at the  
18 moment it is 20% Great Lakes and 15% Gulf, 65%  
19 Atlantic; but that proportion is changing as our  
20 Tennessee mill ships more and more of the inland  
21 tonnage and the Great Lakes market is one of our  
22 main expanding centres.

23 Q. You have some ships under construc-  
24 tion at the present time?

25 A. There is one under construction. One  
26 is in service, one is under construction at the  
27 present time, and shortly to be coming into  
28 service, a sister ship of the Margaret, and others  
29 are both planned -- one more is planned of that  
30 size and others of smaller sizes.





1 Q. Will the sister ship of the Margaret  
2 be registered in the United Kingdom?

3 A. Yes, she will.

4 THE CHAIRMAN: What draught are these ships  
5 loaded?

6 A. I am speaking off the cuff when I  
7 answer you, Mr. Chairman. I am pretty sure they  
8 are 23 feet.

9 Q. So they will both be capable of going  
10 up the new St. Lawrence Canal?

11 A. That is correct. However, they are  
12 designed not entirely for our Newfoundland operation  
13 but to serve the Bowater interests all over the  
14 world.

15 MR. GERIN-LAJOIE: Q. You spoke of possible  
16 lack of flexibility in the future if new legislation  
17 was to restrict coasting trade to Canadian  
18 registered vessels. Can you give us an idea of  
19 how much<sup>of</sup> your coastal trade at present is linked  
20 up with your international trade?

21 A. At the moment?

22 Q. I mean shipping?

23 A. In percentage? To a relatively small  
24 extent. The coasting trade covers, as I say,  
25 perhaps 5,000 tons a year and no more. However,  
26 we are again looking ahead to the time when we may  
27 wish to sell our own paper in the Canadian main-  
28 land markets, just as is being done by other  
29 eastern mills in Canada. We may want to break into  
30 their market and that would become direct coastal





1 trade.

2 Q. You are afraid you might be prevented  
3 from carrying on that trade if you were using  
4 British registered vessels?

5 A. Yes.

6 Q. In that event you would be prevented  
7 from diverting a ship from one place to another.  
8 If you were to have a permanent market in other  
9 provinces of Canada don't you think you might need  
10 vessels permanently doing the shipping from  
11 Newfoundland to mainland Canada?

12 A. It is very difficult to keep a vessel  
13 permanently assigned to one trade.

14 Q. Do you say that from the experience  
15 of your own company?

16 A. Yes, in that you want to be able to  
17 move vessels around according to what is most  
18 convenient. For instance, the Great Lakes trade is  
19 purely a summer trade.

20 COMMISSIONER WICKWIRE: Q. What about the  
21 Mersey Paper Company's Markland, is not she kept  
22 exclusively in the paper trade?

23 A. The new Markland is used exclusively  
24 as a newsprint carrier on the New York run. The  
25 Liverpool Rover, or Packet, one of the two,  
26 usually runs on charter for us in the summer and  
27 for the Mersey in the winter, for pulpwood.

28 Q. I thought you said it is not profit-  
29 able to use one ship exclusively?

30 A. Not in our operations.







1 Q. But apparently it is for the Mersey  
2 Paper Company?

3 A. They use it exclusively to New York.

4 Q. Do not they go to Charleston?

5 A. I did not know they did it with the  
6 Markland. I understood the Markland was mainly a  
7 New York ship, but I am speaking<sup>there</sup> entirely without  
8 knowledge.

9 THE CHAIRMAN: Q. What is the Vinland, it  
10 is a large ship, 7,160 tons?

11 A. She runs normally to three ports, and  
12 mainly to the Southern Atlantic seaboard - that is,  
13 to Norfolk, Jackson, Charleston and Miami.

14 MR. GERIN-LAJOIE: Q. Have you any British  
15 registered ships doing the same work?

16 A. Only the Margaret Bowater. The Fort  
17 Avalon, as I say, is a special case.

18 Q. You said the Margaret Bowater and the  
19 Vinland do the same trip?

20 A. They are pretty well interchangeable;  
21 they change their ports around. Again, it depends  
22 on where the customers need paper and what ship is  
23 coming up, when it is ready to load and where we  
24 can fit it in.

25 Q. Are you in a position to say how the  
26 cost of shipping on the Margaret Bowater compares  
27 with the cost of shipping on the Vinland?

28 A. I am afraid I am not. The Margaret  
29 Bowater has just come into service and I have  
30 not seen any accounts.





1 Q. Can you explain why, in this particular  
2 instance, the cost of operation for your company  
3 would be higher with a Canadian registered vessel  
4 than with a British one?

5 A. No. In this case I have no reason to  
6 believe that the rates would be different. As  
7 far as the Markland Shipping Company is concerned,  
8 they run a very full service and their rates, by  
9 our standards, are good. Our own ship, it is far  
10 too early yet to judge.

11 Q. If that is so, have you any reason to  
12 believe that, if coasting trade and, let us say,  
13 international trade such as is linked with the  
14 coasting trade, were restricted to Canadian vessels,  
15 it would cost your company more than it does with  
16 a mixed system of Canadian and British registered  
17 ships?

18 A. I think if there were no competition, as  
19 in any field, the rates would rise. I have seen it  
20 happen.

21 Q. You say "no competition", do you con-  
22 sider competition among Canadian ship operators as  
23 an absence of competition?

24 A. Not if there is sufficient, but it is  
25 a great advantage -- it is one of the advantages  
26 of owning one's own ships. When one has one's  
27 own ships the freight rates are normally more  
28 easily negotiated.

29 Q. Thank you, very much.

30 THE CHAIRMAN: Yes, Mr. Rowntree?





1 MR. ROWNTREE: Q. Mr. Ballock, would you  
2 repeat the last question? I did not hear what  
3 the question was, it had to do with the Markland  
4 Company, and then you went on to talk about using  
5 and the cost of using and setting freight rates in  
6 your ships. Do you mean the Markland Company is  
7 an associated company of yours?

8 A. No, it is quite independent; it is a  
9 subsidiary of an entirely different paper company.

10 Q. Of another paper company?

11 A. Yes.

12 Q. Is it true the Vinland and the Liver-  
13 pool Rover were formerly Clarke steamships?

14 A. I don't know their back history. One  
15 of them was the Markland and was built as a news-  
16 print carrier. I am not sure which one of the  
17 three.

18 Q. One was built as a newsprint carrier?

19 A. The old Markland. When the new  
20 Markland was built she became either the Rover or  
21 the Packet, I am not sure which.

22 Q. Now, I take it, in the course of the  
23 shipping programme contemplated by your company,  
24 that at some time the ultimate result would be  
25 that your organization would be self-sufficient  
26 unto itself?

27 A. No. The answer to that, I am afraid,  
28 I only know from what I read in the press, the  
29 president of our company in England has said  
30 publicly that he only intends to build sufficient







1 tonnage to carry a percentage - 30 to 50% - of the  
2 groups' tonnage, and he will use other tonnage  
3 for the rest.

4 Q. You are contemplating running your  
5 own ships up through the new Seaway?

6 A. Yes. We have had our own vessels  
7 running on the North American run from 1925 and  
8 I think we will always have them.

9 Q. I suppose the factors surrounding the  
10 new Seaway and the dimensions of the Seaway are  
11 taken into account in building the new vessels?

12 A. I know they could tackle the Seaway  
13 so I presume they were taken into account.

14 Q. As your own ships become available  
15 you would, naturally, utilize those facilities  
16 before resorting to vessels owned by others?

17 A. We would keep our own ships busy,  
18 naturally; but our trade is expanding so fast --

19 Q. It follows, I take it, that when the  
20 Seaway is completed and your ships are available  
21 that they will gradually replace the Paterson  
22 ships?

23 A. We don't know, that would depend on  
24 the competitive position. The Paterson ships,  
25 being especially designed ships, might still be  
26 able to do it, give us a rate which would be better  
27 than the rate at which we could do it ourselves.  
28 All we do ask is that we would like to see open  
29 competition, if possible.

30 Q. To what extent do you get a two-way





1 voyage with the Paterson ships on the lake operation?

2 A. They get a certain amount. They get  
3 some coal at Cleveland, Montreal, Port Alfred.

4 Q. Is there a different rate on the news-  
5 print, Mr. Ballock, when the ship has a return  
6 cargo?

7 A. No, but it is credited against the  
8 ship's voyage.

9 Q. There is a credit?

10 A. Yes.

11 Q. Given to the ship if she returns light?

12 A. Yes. In other words, it is a very  
13 complicated business, we pay ballasting charges;  
14 if she gets a cargo we pay so much less in ballasting  
15 charges.

16 Q. There is an adjustment?

17 A. Yes.

18 Q. In the result there is a different  
19 freight rate, the transportation cost, to you if  
20 there is a two-way movement, rather than if there  
21 is not?

22 A. Yes.

23 Q. How many vessels would Paterson Steam-  
24 ships employ in your service?

25 A. I believe they employ three.

26 Q. Would there ever be occasions or times  
27 or periods when less than three are engaged?

28 A. It is a seasonal traffic and, of  
29 course, it is only summer traffic.

30 Q. When you say seasonal, seasonal to





1 the extent of open navigation in Newfoundland or  
2 seasonal within that period?

3 A. No, seasonal within the open navigation  
4 on the St. Lawrence.

5 Q. What would be the average age of the  
6 Paterson ships?

7 A. I cannot answer that question.

8 Q. Would you agree with me in my suggestion  
9 to you that they are approximately 40 years of age?

10 COMMISSIONER WICKWIRE: The witness says he  
11 does not know.

12 THE CHAIRMAN: If he cannot tell you do not  
13 ask him to join you in a guessing game.

14 MR. ROWNTREE: Q. I understand there is a  
15 new Paterson ship under construction in the United  
16 Kingdom. Will she be engaged in your services?

17 A. I don't know.

18 Q. Thank you.

19 THE CHAIRMAN: Thank you, Mr. Ballock.

20 A. Thank you very much, sir.

21  
22 ---The witness withdraws.

23 THE CHAIRMAN: Yes, Mr. Hunt?

24 MR. HUNT: Arthur Johnson, my lord.

25  
26  
27  
28 ARTHUR JOHNSON, called.

29 MR. HUNT: Your name is Arthur Johnson?

30 A. Yes.







1 Q. What is your association with the  
2 commercial life in Newfoundland?

3 A. I am secretary of Gadens, who bottle  
4 Coca-Cola and other beverages. As well as marketing  
5 Coca-Cola we market a beer called Bavarian Spring.

6 Q. Are you an officer of any association?

7 A. Yes, I am immediate past president of  
8 the Newfoundland Branch of the Canadian Manufacturers  
9 Association.

10 Q. We have them listed here to save time,  
11 if I might put it in as an exhibit.

12 THE SECRETARY: This is Exhibit No. 21.

13 ---EXHIBIT NO. 21(1): List of Newfoundland's Main  
14 Industries.

15 (2): List of current members of  
16 the Newfoundland Branch of  
17 the Canadian Manufacturers  
18 Association.

19 (3): Copy of the Section of the  
20 1955 Annual Report giving the  
21 Background of Confederation  
22 and its six subsequent years  
23 as it has affected Industry  
24 and Transportation.

25 MR. HUNT: Mr. Johnson, I think page 3 of  
26 this lists the membership of the Newfoundland Branch  
27 of the Canadian Manufacturers Association?

28 A. That is correct.

29 Q. And page 2 indicates the fields in  
30 which they operate?

A. Not only in which they operate but it  
is the general set-up of Newfoundland industries.

Q. Now, in giving evidence do you speak  
on behalf of this organization?





1 A. Yes.

2 Q. Could you generally and personally  
3 inform the Commission of the problems facing  
4 industry in Newfoundland to-day?

5 A. Generally speaking, our transportation  
6 problem is that we find the services inadequate  
7 and very expensive, and also it is essential that  
8 we have competition. Until recently we have not  
9 had competition with the C.N.R. scale. Our  
10 position as manufacturers in Newfoundland, compared  
11 with the manufacturers in Ontario, is that we have  
12 freight against us. By that I mean we have to  
13 freight all our materials inward and when we export  
14 we have the outward freight against us. Then, we  
15 have competition all along the way and the odds of  
16 the Ontario manufacturer against us are very great  
17 but the odds of the Maritime manufacturers against  
18 us, half way between, are not so great. We have  
19 the factor here, also, that the cost of living is  
20 very high and, generally speaking, our wage scale  
21 is high. An indication of that, sir, I would say  
22 that certain Federal civil servants, for instance,  
23 get an allowance towards extra cost of living when  
24 they come to Newfoundland, and certainly in private  
25 industry that is the rule. The difference in the  
26 cost of living between here and Ontario, I would  
27 say, is largely freight. We are also isolated, in  
28 that the St. Lawrence closes in the winter, as  
29 does the northern half of the Island, so that we  
30 have a tremendous peak of freight in October and





1  
2 November before the freeze-up, and a lower, more  
3 extended peak in May. The fact that we ship by  
4 the St. Lawrence during navigation means that  
5 practically all our manufacturers who market in  
6 large quantities in central Canada where most of  
7 the population is located have to set up a system  
8 of warehouses and have to keep enough material in  
9 their warehouses so that by the end of November  
10 they have enough to last them over until the start  
11 of navigation again in May. The reason for that  
12 is, of course, that they wish to avoid paying the  
13 rail rates in winter, which are much higher and it  
14 pays them, for at least part of this period, to  
15 pay the cost of warehousing.

16  
17 (Page 723 follows)  
18  
19  
20  
21  
22  
23  
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30





1-B  
1.26

1 The other main trouble we have is the matter  
2 of damages when we ship by rail during the winter.  
3 We have approximately five handlings of material  
4 coming by rail which makes it very expensive. I do  
5 not want to repeat the evidence of the other witnesses  
6 in that connection but exactly the same thing does  
7 apply to us. A broken article is of no use to you  
8 at all and, even though you do make a claim for it you  
9 have to wait to replace it by another article, and in  
10 some cases parts of shipments are missing and you have  
11 not full quantities.  
12

13 Q. Did you prepare a list of the means of  
14 transport used by members of your Association?

15 A. Yes.

16 Q. I will put this in as an exhibit to save  
17 time, Mr. Chairman.

18 THE SECRETARY: This will be Exhibit No. 22,  
19 "Means of Transport used by 8 typical Manufacturers in  
20 Importing their Raw Materials".

21 ---EXHIBIT NO. 22: Documents showing methods of  
22 transportation used by manufac-  
23 turers in Newfoundland.

24 MR. HUNT: That Exhibit No. 22 lists various  
25 means of transport used by eight industries and shows  
26 the tonnages shipped by various facilities.

27 A. Incoming shipments in tons of 2,000  
28 pounds.

29 Q. Just briefly on that, Mr. Johnston, do  
30 the manufacturers have any special preference for





1 shipment?

2 A. Well, I think the figures themselves  
3 amply demonstrate the general trend in the manu-  
4 facturing. I have another one to add to that, but  
5 it is very much the same except that it shows a little  
6 more rail shipment. These are the figures of the  
7 United Nail and Foundry. I did not receive the  
8 figures until after this stencil was made. The  
9 reason their rail shipments are higher is that they  
10 buy a lot of their material at Sydney. They bring in  
11 2,050 tons by rail.

12 Q. By any other services?

13 A. Yes. They bring in 3,860 tons, of  
14 which 2,500 comes in by rail and 810 by British flag,  
15 300 by Canadian flag, 400 tons from Liverpool and  
16 300 by Red Cross from New York.

17 Q. Briefly, again, can you give the use  
18 of the present Furness Withy services to the manu-  
19 facturing industry of Newfoundland?

20 A. The total, just of those --

21 Q. Can you give the gentlemen a short word?

22 A. The general picture of the Furness  
23 Withy services is that they are absolutely essential  
24 to us. The evidence given by the former witnesses  
25 also applies to the manufacturers. I do not want  
26 to repeat that again. Our fear is, for instance,  
27 that the Furness Warren might not be allowed to  
28 operate to both St. John's and Halifax. That would  
29 be a serious blow, for instance, to the cordage  
30 company who bring in a great proportion of their





1 raw material from the old country.

2 Q. Do you know the freight rate on their  
3 raw material now?

4 A. Yes. The freight rate on cotton yarn,  
5 which is a substantial item, is \$1.64 from Liverpool.  
6 The freight rate from Liverpool to Halifax is just  
7 about the same. The rate to Halifax and St. John's  
8 is almost exactly the same.

9 Q. What is the rate on similar material  
10 from Halifax to St. John's?

11 A. To bring that hundred weight from  
12 Halifax to St. John's would cost \$2.00 in freight  
13 alone and you would also have trans-shipment charges  
14 of possibly about 10 percent. Therefore you would  
15 have about \$3.84, guessing at the figure as against  
16 \$1.64.

17 Q. I understand you were, also, vice-  
18 president of the Maritime Transportation Commission?

19 A. That is right, up to two years ago.

20 Q. In that capacity did you ever have  
21 occasion to look into the railway facilities offered  
22 Newfoundland?

23 A. Yes, from 1949 we were really looking  
24 into railway facilities.

25 Q. Did you contact the C.N.R.?

26 A. Yes, constantly.

27 Q. Could you give the number of carloads  
28 or railway cars which were delayed in Halifax for  
29 North Sydney as of then?

30 A. Yes. In 1950 there was quite a lot







1 from January until May.

2 Q. Could you give the number?

3 A. Yes, I have them here. It is contained  
4 in a letter to Mr. Donald Gordon.

5 Q. If you have ready access to that, would  
6 you give it?

7 A. Yes. North Sydney 118 cars held up.  
8 That is actually at North Sydney. There were others  
9 along the line to Montreal. And at Halifax, 200.  
10 Making a total of 318. That is mainland carloads,  
11 not Newfoundland carloads.

12 Q. What period of the year was this?

13 A. That was from January until May. Last  
14 year we have the figures again from the railway, in  
15 an interview. Approximately 300 cars at North Sydney  
16 and 260 cars at Halifax for a total of 560 cars.  
17 That situation has been steadily deteriorating since  
18 1949.

19 Q. What time of the year was this in 1954?

20 A. That was in November. October, November.

21 Q. Is this during the period mentioned in  
22 evidence yesterday when the merchants here are stock-  
23 piling?

24 A. Yes.

25 Q. Did the C.N.R. mention their breakage  
26 loss in any one year?

27 A. Yes. 1953 was the last figure we have.  
28 It was in the vicinity, either over or under, of  
29 \$100,000. That was at Port aux Basques.

30 Q. Now, I understand that there was going

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1 to be a remedy for that situation?

2 A. Yes. That remedy is in the provision  
3 of the new car ferry.

4 THE CHAIRMAN: Q. Remedy for what?

5 A. Remedy for the breakage.

6 MR. HUNT: Q. Breakages and delays?

7 A. Breakages and taking care of the piling  
8 up.

9 Q. Would you compare the rolling stock of  
10 the C.N.R. in Newfoundland at the time of Confedera-  
11 tion and at the present time?

12 A. Yes. Those figures are contained in  
13 an exhibit in the government brief. I also have the  
14 figures here which are slightly different, and if you  
15 would not mind --

16 Q. You give your own figures.

17 A. I would prefer to give my own. I do  
18 not want to take the entire list because a lot of it  
19 does not mean anything. The items I wish to take are  
20 the items which deal with the freight and passengers.  
21 Steam locomotives were 46 in number in various states  
22 and conditions. In 1955 six of those had been taken  
23 off the road altogether. Diesel locomotives, in  
24 1949, and I think a word of explanation should go  
25 in here: These diesel locomotives are still not all  
26 purpose, they have no method of heating whatever so  
27 that a diesel can only be used on a freight train.  
28 They can be used on passenger trains but they have  
29 to haul along a steam locomotive for the purpose of  
30 heating the train. The first class cars --

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THE SECRETARY: The figures?

THE WITNESS: The government brief should be amended by the addition of five cars which are, I think, actually here. I do not know whether they are in use. The 1949 figures are 26 first class cars. In 1955 we have 33, plus the five, making a total of 38. Some of these first class cars are wooden. Second class cars - and these are all wooden - 14 in 1949 and 14 in 1955. Sleepers, and again there is one just arrived, making 18 in 1949 and 22 plus one, in 1955. Some of these sleepers are also wooden. Dining cars, there were eight in 1949 and seven in 1955. There are no chair cars yet, or lounge cars. Baggage cars, there were 13 in 1949 and eight in 1955. The express cars are exactly the same, four and four. Box cars - this shows a terrific addition - 391 in 1949 and 639 in 1955. This is a very fine looking figure but the addition has been very, very gradual. In 1950 we suggested that there was immediate need for a total of 600 box cars. We wanted to add 450 but the railway at that time ordered 60. It has been so on down through the piece with additions coming very gradually and very late. Reefers, there were 39 in 1949 and in 1955 there were 77, a very welcome addition. There were no express reefers in 1949 and there are now 10 in 1955. The process has been very, very gradual, too little being added at a time and too late. When we compare these figures of 1949 to 1955 it should be remembered that in addition to the incoming freight, nearly









1 double at Port aux Basques, about 60 percent of the  
2 3,500 tons coming into St. John's via the Halifax  
3 Conference Lines, a great proportion of that has to  
4 be headed westward to Grand Falls and Millertown  
5 Junction.

6 Q. On the passenger accommodation --

7 A. The figures for that will tell you that  
8 passengers increased from 274,500 to nearly 295,000  
9 between 1949 and 1955, and the provision for  
10 passengers is just terrible.

11 Q. Would you give a brief word on the  
12 coastal boat service, Mr. Johnston?

13 A. The coastal service?

14 Q. By whom are the boats operated?

15 A. The boats are operated by the Canadian  
16 National. These were taken over from the Newfound-  
17 land Railway, and their condition can be gauged by  
18 their ages. If you do not mind I will run down  
19 through them, there are only eight of them. The  
20 Cabot Strait, built in 1947; the Springdale, built  
21 in 1949; the Bar-Haven, built in 1948. Those are  
22 very good boats. The Baccalieu was built in 1940;  
23 the Burgeo, built in 1940; the Northern Ranger,  
24 built in 1936; the Kyle, which is a coal burner,  
25 was built in 1913. This Kyle is the vessel which  
26 the railway, naturally, wants to dispose of but the  
27 general public and the trade differs because she is  
28 an ice-breaker and there is nothing to replace her.  
29 Then, the eighth of the list is the Random, which  
30 was built in 1921 in Germany. In 1950 we asked

at least in England, about the amount of  
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1  
2 The C.N.R to purchase three boats of the Springdale  
3 type to replace the Clarendville boats, which are  
4 small wooden boats. Two of these are to be  
5 received in 1956.

6 Q. Is the coastal service adequate for  
7 the needs?

8 A. The coastal service definitely is not  
9 adequate.

10 Q. Just summing up or giving your opinion  
11 on this on behalf of your Association --

12 THE CHAIRMAN: I think we will have to have  
13 Mr. Johnson's opinion at 7.30.

14 MR. HUNT: I have one more question.

15 THE CHAIRMAN: And then there will be cross-  
16 examination.

17 MR. HUNT: Certainly.

18 --- Whereupon the hearing adjourned at 4.55 o'clock  
19 P.M. until 7.30 o'clock P.M.

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EVENING SESSION

1  
2 --- Upon resuming at 7.32 o'clock P.M.

3 MR. HUNT: Q. One more question, Mr. Johnston:  
4 What is your opinion of the effect on the Newfound-  
5 land economy and Newfoundland manufacturing if  
6 coastal trade from Canada should be restricted to  
7 Canadian vessels?

8 A. If the present British competition  
9 were removed it is definitely our opinion that rates  
10 would go up.

11 Q. What reasons have you for that state-  
12 ment?

13 A. Well, the very trend of rate levels  
14 since 1949, we think, bears that out. In 1949 the  
15 railway scale of rates was introduced, which was  
16 afterwards proved wrong. Their rates were matched  
17 by the Conference Lines. When the rates went up  
18 they were again followed by the Conference Lines.  
19 When the rates were reduced by the Board of Transport  
20 the rates went down again and when the competition  
21 in the Great Lakes was started by the British lines  
22 on a serious scale both the railway and the  
23 Conference Lines followed them down. We have no  
24 doubt if the British competition were removed that  
25 the all-rail rate would prevail on all sides, all  
26 the year round.

27 Q. Thank you, Mr. Chairman.

28 MR. GERIN-LAJOIE: Mr. Chairman: Perhaps  
29 before starting what we call cross-examination of  
30 the witness I might recall that counsel in this

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1 matter may appear to take always the opposite side  
2 of the question taken by the witnesses, or any  
3 person submitting a brief; but counsel are just here  
4 to try and obtain the fullest possible picture for  
5 the information of the Commission. When we have  
6 people expressing different views, we try to have  
7 them express as complete an opinion as possible.

8 Q. With that in mind, Mr. Johnston, I  
9 wonder if, in view of your experience in business  
10 and your association with the Board of Trade, I believe,  
11 --

12 THE CHAIRMAN: Canadian Manufacturers  
13 Association.

14 MR. GERIN-LAJOIE: Q. -- the Canadian Manu-  
15 facturers Association you could give us some general  
16 opinion as to, let us say, first, the possible effects  
17 on Newfoundland of the completion of the St. Lawrence  
18 Seaway and you personally in your submission, seem  
19 to envisage a situation where Canadian shipping would  
20 be restricted to Canadian registered vessels, but  
21 that no other change would come about. Well, this  
22 Commission, of course, is considering as one of the  
23 problems to be studied the effects, or possible  
24 effects, of the St. Lawrence Seaway. Have you any  
25 idea what effect the completion of the Seaway would  
26 have on Newfoundland?

27 A. Well, we hope it will increase the  
28 volume of shipping, unless it is restricted in some  
29 way. Where you have competition you have a lower  
30 rate, we believe that to be always the case, and

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1 therefore we will enjoy better freight rates which  
2 will allow us to get our products into the heavily  
3 populated sections of central Canada.

4 Q. Now, is it your opinion that, even with  
5 the completion of the St. Lawrence Seaway, if the  
6 shipping industry were restricted to Canadian  
7 registered vessels, Newfoundland would still have  
8 to pay higher rates than it is paying now, all other  
9 conditions being equal?

10 A. Yes.

11 Q. Would you consider as a possibility,  
12 for instance, that with the much higher volume of  
13 traffic along the St. Lawrence that the rates of  
14 Canadian ships might go down, even without the  
15 competition of the British ships?

16 A. I would think, Mr. Counsel, where  
17 there is a big market for shipping, and the best  
18 market for shipping - that is, the point at which  
19 the Canadian bottoms would concentrate - Newfound-  
20 land is at a disadvantage in that our trade is all  
21 eastward. A boat comes down full to Newfoundland  
22 and goes back partially empty because we have not  
23 enough to give her. That is not as profitable a  
24 trade as full cargoes in the upper regions of the  
25 waterways.

26 Q. Is not it possible in your view  
27 that the completion of the seaway might change  
28 this situation altogether? Just an instance, if  
29 shipments were to come from continental Canada to  
30 a Newfoundland port, isn't it possible ships might





1 go back, let us say, to the Great Lakes - either  
2 Canadian or American ports - with Labrador iron ore?

3 A. Well, Labrador iron ore requires a  
4 special type of ship and I should imagine, without  
5 being too technical about it, the ore carriers and  
6 coal carriers seem to be more or less specialized  
7 ships. Iron ore is a heavy cargo and I do not think  
8 the present boat would be a competing proposition.  
9 We also have certain cargoes for which we have  
10 trouble getting ships because they are specialized  
11 cargoes. I think you will get that from the fish  
12 people; fish oil cannot be carried in gasoline and  
13 oil tankers because that contaminates the fish oil.

14 Q. Have you made any special study of the  
15 problem of shipping in relation to the completion of  
16 the seaway?

17 A. I haven't personally and I don't think  
18 any of our members have made any specialized study.

19 Q. You said a word or two about the trend  
20 of the rates since 1949. Could you say a word or  
21 two about the trend of rates by British ships in  
22 comparison to Canadian ships and railway transporta-  
23 tion also?

24 A. I cannot tell you as far back as 1949,  
25 I wasn't following it too well then. Last year we  
26 know there was quite a difference between the British  
27 rates and the Canadian rates.

28 Q. What I have in mind particularly, is  
29 the trend you mentioned, the rates of Canadian ships,  
30 say, operating just under the rail rates. I am just









1 wondering whether the British ships have followed  
2 the same trend, but just under the Canadian ships'  
3 rates?

4 A. I do not think you could say that the  
5 Conference was just under, I think they were almost  
6 the same. I think they used the same tariff.

7 Q. I understood from you they were  
8 charging just under the rail rates?

9 A. No. Now, there are certain commodity  
10 rates in which they may be different but I think  
11 the class rates are identical.

12 Q. Have you any idea to what percentage  
13 the cost of production in Newfoundland might go up  
14 if the transportation by ship was restricted to  
15 Canadian ships? Have you any idea as to how much  
16 the cost of production would go up?

17 A. That is a very difficult question.  
18 I can tell you this, and this is just a rough guess,  
19 when we manufacturers talk about our costs somebody  
20 will say we are about 10 percent higher, and that  
21 10 percent is almost all freight; but, again, that  
22 is --

23 Q. You would say it would be 10 percent  
24 higher, the cost of transportation would become  
25 10 percent higher?

26 A. I am talking about our local manu-  
27 facturers, which is the group I operate with,  
28 rather than the paper people who are bigger people.

29 Q. You say 10 percent of the present  
30 cost of transportation?

11. The transportation by ship was restricted to

Canadian ships? Have you any ideas as to how much

The cost of production would be up

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1 A. No, 10 percent of the cost of  
2 production. We figure we are 10 percent above an  
3 Ontario manufacturer in cost of production and that  
4 that 10 percent is represented by freight.

5 Q. Have you any information --

6 A. Every industry's costs are different.

7 Q. Are you quite sure the difference in  
8 cost of production in Ontario and Newfoundland is  
9 due exclusively to the cost of transportation?

10 A. No, I didn't say that, in my evidence.  
11 I said it has something to do with the cost of  
12 labour, which is still, again, transportation.  
13 Cost of the transportation raises our cost of living  
14 and forces us to pay higher wages.

15 Q. How about the other factors, methods  
16 of production?

17 A. Yes. If you have more modern machinery  
18 your costs would probably be less. However, I say  
19 that I do not think that has too much of an effect  
20 because, with Confederation, all we local manu-  
21 facturers were told, "We are sorry, you are one of  
22 the sacrifices of Confederation, when the Ontario  
23 manufacturers get after you, you have had it, you  
24 are out"; but I am glad to say our people did not  
25 take that lying down and a tremendous amount of  
26 money has been spent in erecting new plants, buying  
27 new machinery, finding out new methods of production.  
28 I think you will find our manufacturing costs here  
29 are as far down as you can get them and would com-  
30 pare favourably with the huge plants in Ontario.

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1 Q. I have a question which may be  
2 embarrassing but you will take it in the right  
3 spirit, I am sure. The submission which has been  
4 presented to this Commission in St. John's has  
5 expressed the point of view of Newfoundland, of  
6 course. Now, the Commission is travelling, of  
7 course, from province to province -- the Commission  
8 has already sat in Ottawa where it heard different  
9 points of view. I wonder if you have considered  
10 the point of view of Newfoundland not only in  
11 relation to the problems here in Newfoundland but  
12 also in relation to the problems of the rest of  
13 Canada? If you have, would you care to give us  
14 your opinion on this matter? For instance, the  
15 lake shippers have an opinion which is different  
16 to the one expressed, let us say, by the Govern-  
17 ment of Newfoundland in its submissions; and some  
18 other parts of Canada certainly have different  
19 views, not only different parts but different  
20 interests in Canada. I wonder if you think the  
21 point of view of Newfoundland could be reconciled  
22 with other points of view so as to arrive at  
23 conclusions which might be different from those  
24 proposed by the Government of Newfoundland but  
25 which still would protect the interests of  
26 Newfoundland?

27 A. That is a very wide question,  
28 Mr. Counsel.

29 Q. It is a wide question but I wonder  
30 if you have considered the problem from that angle









1 or not?

2 A! We definitely have. We think the  
3 St. Lawrence Seaway is a great thing for the  
4 country, it will be a great national asset and  
5 other nations of the world, as well as ourselves,  
6 will share in it. At the same time it raises a  
7 problem. The conditions of the shipyards and  
8 Canadian flag vessels are not getting any better.  
9 It seems that they certainly want to better them-  
10 selves. It is a matter of national policy. We  
11 think it desirable that there should be a Canadian  
12 merchant marine and it is desirable that we have  
13 Canadian shipbuilding yards; but the question is:  
14 What is the price and who is going to pay the price?  
15 If the price is too high and if the Canadian ship-  
16 yards and Canadian ships price themselves out of  
17 the market some compensation has to be obtained for  
18 that. It looks as though there are only two options;  
19 one is a subsidy by the Dominion government and the  
20 other one, it seems to us, that the shippers should  
21 pay for the shot. We think very definitely that if  
22 British bottoms are taken out of the trade our  
23 freight rates are going to be held at railway  
24 levels. Ever since Confederation we have been  
25 fighting against paying that railway level because  
26 experience has shown us that the railways in order  
27 to meet their deficits, insist on increasing class  
28 rates by horizontal increases, which means the  
29 people farthest away, with the heaviest freight  
30 bills to pay, have these horizontal increases





1 tacked on to them and in dollars and cents that is  
2 a tremendous amount. For instance, since  
3 Confederation the all-rail rate in Newfoundland  
4 has increased approximately 64 percent.

5 Q. What percentage?

6 A. 64 I would say, from our experience.

7 Q. Do you think that increase could be  
8 attributed to a large extent --

9 A. Horizontal increases made by the  
10 railway.

11 Q. -- to the higher cost of living since  
12 that time due to the inflation which has occurred  
13 in Canada since 1949?

14 A. I am referring to the freight increase  
15 of 64 percent.

16 Q. Do you think it is due not only to  
17 the situation existing in the railway business but  
18 to the general situation of inflation in Canada  
19 and America?

20 A. I don't know about inflation; it is  
21 an increase in railway costs, which they are not  
22 taking in by revenue as a result of the rates  
23 authorized by the Board of Transport.

24 Q. Is not it an increase which other  
25 Canadian industries have had to pay and is felt  
26 in every part of the business, not only in the  
27 transportation business especially?

28 A. I agree with that thoroughly, sir,  
29 but unfortunately the Toronto manufacturers have  
30 all their supplies at hand. He does not care

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ON FILE FOR THE 1951 RELEASE

at the following times and days:

11-10-18



1 whether rates are increased a thousand percent or  
2 not; but we do, if rates are increased by 10 per-  
3 cent the effect on us is terrific.

4 Q. I wonder if you have any information  
5 or opinion as to the reasons for the high cost of  
6 transportation even within Newfoundland? I have  
7 in mind this question of stevedoring, do you think  
8 that may have something to do with the high cost of  
9 transportation within Newfoundland?

10 A. Any cost -- Any shipping cost or  
11 railway cost is reflected in rates, may I put it  
12 that way?

13 Q. Well, of course, my question is a  
14 bit more precise. Have you any opinion on this  
15 particular aspect of the problem or not?

16 A. Yes, frankly we think stevedoring  
17 prices are on the high side.

18 COMMISSIONER WICKWIRE: Do they perform any  
19 unnecessary services?

20 A. Mr. Commissioner, --

21 Q. As stevedoring?

22 A. Are you talking about feather bedding,  
23 as we know it?

24 Q. Yes.

25 A. Yes, I would say so.

26 Q. And who pays for that?

27 A. The shipper pays for it eventually.

28 Q. And it is collected in the higher  
29 costs?

30 A. It is reflected in the rates.







1 Q. Would you say it was rampant in  
2 Newfoundland, feather bedding?

3 A. No, sir, I wouldn't say, no more  
4 than on the mainland, it is about the same. Labour  
5 gets its advantage in either actual rates or  
6 especially long hours and overtime, something like  
7 that. It is a regular practice everywhere.

8 MR. GERIN-LAJOIE: Q. I wonder if you  
9 would care to express your own opinion on this  
10 opinion which has already been expressed before  
11 the Commission, and you will understand that I  
12 do not put it forward as my opinion, and still  
13 less as the opinion of the Commission: It has  
14 been held that quite a number of industries in  
15 Canada enjoy protection through tariff. The  
16 shipping and ship building industries complain  
17 that they do not enjoy such a protection and they  
18 say, "Why are we not in the same situation as the  
19 greatest number of Canadian industries, whether it  
20 be the car industry, the textile industry, or any  
21 industry". What would be your reaction to this  
22 suggestion?

23 A. I would say, Mr. Counsel, it should  
24 be investigated; but I do not think that is the  
25 complete truth here in Newfoundland. In building  
26 vessels there is quite a bounty paid in a great  
27 many ways. I think Canadian shipping is very  
28 greatly helped by subsidies. The Newfoundland  
29 coastal operation of the railway has a two  
30 million dollar subsidy a year.





1 Q. Is not that a situation confined to  
2 the Maritime provinces and even still less to  
3 certain services within the Maritime provinces?  
4 Do you have any knowledge as to any general system  
5 of subsidies?

6 A. Not as a general rule; but certainly  
7 the subsidies that are given are given to Canadian  
8 bottoms. For instance, they are not given to the  
9 British lines, as far as I know.

10 Q. Of course, I do not mean they are  
11 given to British lines but I wonder - I am asking  
12 the question of you - if you have any information  
13 as to any general system of subsidies for Canadian  
14 shipping in Canada?

15 A. I don't know of any general system  
16 but I know there are bounties paid on certain  
17 boats to ship builders.

18 THE CHAIRMAN: Q. What types?

19 A. Fishing.

20 Q. The question was aimed at merchant  
21 ship building. Do you know of any consideration,  
22 subsidy? Quite frankly I do not and I would like  
23 such information as you have.

24 A. I have no information on that; not  
25 to my knowledge.

26 Q. Then, your answer would not parti-  
27 cularly enlighten us. Mr. Gerin-Lajoie asked  
28 you: Why should not the ship building industry  
29 have the protection which other industries have,  
30 and to which the ship building industry claims it





is entitled?

MR. HUNT: To clarify it, Mr. Chairman: There is a payment by the Provincial Government for coastal traders in Newfoundland. It is a peculiar provincial problem, Mr. Chairman.

A. You were asking: "Is there any reason why the Canadian ship builders should not receive a subsidy?"

MR. GERIN-LAJOIE: Q. Yes. I am basing that on a question put before the Commission by other groups.

A. It depends on what it costs. I suppose we would have no objection to a moderate one.

Q. And who is going to pay it?

A. Yes.

Q. The suggestion has been that it should be paid by the Canadian taxpayers at large, which is why I asked the question earlier as to whether you have thought of any other system than the one proposed by the Newfoundland government. You described the situation regarding the C.N.R. services from the mainland to Newfoundland as you saw it. Do you think the situation would be more or less radically changed as a result of the new service of the William Carson?

A. No, sir. We are on record as saying we do not think the idea of the William Carson is very much good.

Q. Have you any reason why you think so?

A. We thought it was too expensive when we were definitely told the cost would be no more







1 than \$4 million. Now, it is \$11 million and something  
2 or other, which is completely out of line. We have  
3 never heard the opinion, either from Port aux Basques  
4 side or the Sydney side, that the operation would be  
5 successful with a boat of that type.

6 Q. Am I correct in my understanding that  
7 the Canadian government is actually paying for that  
8 cost which you are mentioning?

9 A. That is right, sir.

10 Q. It is not being paid by Newfoundland?  
11 Is there any reason why the Newfoundland people should,  
12 I do not say complain, but consider the situation  
13 abnormal?

14 A. Next year there will be headlines, as  
15 there always is, about the tremendous amount of money  
16 given Newfoundland by the federal government and by  
17 the C.N.R., every year we see that headline.

18 Q. I do not want to be misunderstood in any  
19 way but do you not think the money spent by the  
20 Canadian Government and the C.N.R. in putting this  
21 ship into service will solve the situation regarding  
22 transportation from the mainland to Newfoundland?

23 A. No, because we do not think it will  
24 operate as planned. We think the money could have  
25 been spent in better ways than it was spent.

26 Q. I have in mind the services it will  
27 perform, whatever it may have cost.

28 A. Well, we do not think it will perform  
29 that service. We did not ask for a ferry of that  
30 type, they just presented it to us.





1 Q. Actually, of course, you complained  
2 about the delays at Sydney, or North Sydney, for  
3 shipping through there to Port aux Basques. Don't  
4 you think with a permanent service between the two  
5 ports there should not be any delays such as you have  
6 had since Confederation, and since prior to Confedera-  
7 tion, of course?

8 A. We pointed out a few years ago that  
9 the service at Port aux Basques needed to be at least  
10 trebled. That is a very mild statement. We are sure  
11 of our ground on that. The William Carson, to the  
12 best of our knowledge, although the C.N.R. has  
13 quoted the figure, will carry 800 tons. Frankly  
14 speaking we do not believe it. The Cabot Strait  
15 carries around 400 tons. This package business we  
16 do not agree with because it will only take care of  
17 about 75 percent of the cargo in any case. The rest  
18 has to be carried on open deck. The speed of the  
19 vessel is not very much more than the Cabot Strait.  
20 We found on investigation that the schedule, the  
21 turn around every day, is only for the summer months,  
22 when there is not very much freight. In September  
23 she goes back to the slow schedule of a trip a day.  
24 She will not complete her turn around in one day;  
25 so you will see very well there is not much help  
26 there.

27 Q. Well, I cannot say that I see very  
28 well, but experience will tell.

29 A. Experience will tell and we will see  
30 in October. They have sold the Brigus and I





1 understand the Carson for two years altogether will  
2 only carry freight, she will not carry any cars. The  
3 reason for the Brigus being kept was for moving motor  
4 cars and rolling stock for the railways. She was the  
5 only thing they had which was big enough to go out.  
6 Now that she has gone the situation looks very grim.

7 Q. Do you think Newfoundland would suffer  
8 if the Canadian shipping industry disappeared entirely,  
9 if you had to rely exclusively on British and foreign  
10 ships, particularly British ships under the present  
11 situation?

12 A. I have no knowledge what British  
13 shipping is available. I am not competent to talk  
14 on that point.

15 Q. Would you fear that there might be a  
16 lack of competition at that time, if you had no more  
17 Canadian ships operating?

18 A. We have not too many Canadian ships  
19 operating now.

20 Q. Well, from the evidence put before the  
21 Commission up to now there are a number of them?

22 A. Not too many.

23 Q. You do not have any opinion on this  
24 point?

25 A. No, I am not competent to speak on  
26 this.

27 Q. That is all, Mr. Chairman.

28 THE CHAIRMAN: Further cross-examination?

29 MR. SIMARD: Mr. Chairman, I have a question  
30 to ask the witness. I will ask them in English so







1 as to shorten the sessions, and if I should not make  
2 myself understood --

3 THE CHAIRMAN: There is no fear of that.

4 MR. SIMARD: Thank you.

5 Q. Mr. Johnston, you made a statement a  
6 few minutes ago that wages are higher in Newfoundland  
7 than in Ontario?

8 A. Manufacturing wages.

9 Q. Is there a statement before this  
10 Commission to substantiate that, that your scale of  
11 wages in Newfoundland is higher than Ontario? Yes  
12 or no.

13 A. No, there is no statement.

14 Q. Would you mind supplying the Commission  
15 with such a statement, please?

16 A. I presume the figures could be ob-  
17 tained. It may take me some while to do it.

18 Q. I think it would bring some light to  
19 the Commission.

20 A. We will put in the Maritime ones too.

21 Q. Very well, sir. You claim the manu-  
22 facturing costs on the Island --

23 A. May I qualify that?

24 Q. Pardon?

25 A. May I qualify that? In the case of --  
26 wages are based on production. I do not know if you  
27 heard the evidence of Dr. Leja this afternoon. That  
28 is, when they run a machine which could only produce  
29 40 feet a minute they did not pay such wages as a  
30 machine producing 60 to 80 feet a minute. That





would have to be taken into consideration.

Q. When you say costs, do you mean costs per unit or costs per hour?

A. Costs per hour, per job.

Q. You put that on a piece work basis or an hourly basis?

A. The machine doing a job at 40 feet a minute is different to a machine doing a job at 80 feet a minute.

Q. In the D.B.S. you have all kinds of statistics, and some are based on wage earnings per week, for instance.

A. Yes.

Q. Let us forget about the hourly rate because there are all kinds of fringe benefits; but wage earnings per week, the number of hours may be different here to those in Toronto, wage earnings per week in Newfoundland.

A. And we will also compare their production, because that is a factor.

THE CHAIRMAN: Q. Is not that a factor due to the smaller market, a factor which you cannot attribute to such things as transportation costs? When Dr. Leja was giving evidence he spoke of running his machines, in effect, at half speed because he only had a market for that half production. That has nothing to do with transportation costs, that is because he is running in an inefficient arena, so far as his particular task.

MR. SIMARD: Q. Mr. Johnston, is your statement that manufacturing costs are 10 percent higher in

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that will...



1 Newfoundland than the rest of the country based on  
2 production or wages, is it all included there?

3 A. They both have an effect, and there is  
4 transportation, they all are factors.

5 Q. I thought you meant transportation was  
6 one of the major factors for that increase in manu-  
7 facturing costs?

8 A. It is one of the factors.

9 Q. The major one?

10 A. I did not say "major", yes, I will say  
11 it is the major one, yes.

12 Q. From your answers to some of Mr. Gerin-  
13 Lajoie's questions I thought it was the major one?

14 A. Yes.

15 Q. Have you any idea of the percentage at  
16 the consumer end?

17 A. I think Mr. Miller's evidence covered  
18 that; he is in the wholesale business as well as the  
19 retail.

20 Q. I asked some questions on that and when  
21 I asked them I was told you were the expert.

22 MR. CHEESEMAN: I think Mr. Hunt said that.

23 MR. HUNT: Yes. I said the witness would give  
24 some evidence on that. However, when I talked to  
25 the witness about that I discovered that he would  
26 not be giving evidence on that subject and I did  
27 not have time to tell counsel that this witness  
28 would not be able to give that evidence.

29 MR. SIMARD: Q. Would you know if the mark-up  
30 is different, and if so, whether it is higher or

to statement, and all say whether or not it is

... should: I would you know in the morning

well not to say in that way.

you say that to me and I think that is wrong.

no, I am not saying that, I am saying that I do

... that is what I am saying, I am saying that he would

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1 lower than other provinces, or does the government  
2 supply any --

3 A. I wouldn't be competent.

4 Q. Is there anyone who would know?

5 A. Yes, Mr. Cheeseman's evidence dealt  
6 with that completely.

7 Q. I missed him yesterday. Then, in  
8 relation to Mr. Gerin-Lajoie's question regarding  
9 the desirability of having Canadian shipyards, what  
10 about establishing ship repair yards in St. John's,  
11 Newfoundland? Do you not think if there were more  
12 traffic and Newfoundland were more identified with  
13 the Canadian coastal trade that there would be a  
14 field for at least a ship repairing yard in St. John's?  
15 Incidentally, is there not one here now?

16 A. We have one here now; the railway has  
17 one.

18 Q. The railway has one but you have not.  
19 The railway is not yours, it is a stranger to you;  
20 is that what you mean?

21 A. It is owned by the C.N.R.

22 Q. And the C.N.R. is not part --

23 A. They do all the work.

24 Q. But the C.N.R. belongs to the Canadian  
25 government?

26 A. That is correct.

27 Q. Thank you, sir. When you said there  
28 was a 64 percent increase in the freight rate since  
29 Confederation and Mr. Gerin-Lajoie tried to obtain  
30 information from you, which did not satisfy me,

the Canadian coastal trade that there would be a  
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1 about this increase, if it could be due to the  
2 inflation in the last six years, because in the  
3 industry in general we figure there is an increase  
4 in the -- due to inflation they are up nearly 100  
5 percent in the last 12 years or so. In other words,  
6 we feel that what we are paying \$100 for today could  
7 have been obtained for \$50 twelve years ago and that  
8 that increase has been due to taxes and this and that  
9 but that is a general picture, if I may say so. Do  
10 you agree with that or do you say that 64 percent  
11 increase is just because you joined Canada; or do  
12 you think the bigger percentage of it is due to  
13 that reason, if I may put it that way, if you do  
14 not wish to compromise?

15 A. I will agree with you, Mr. Simard,  
16 that everything has gone up generally and that quite  
17 possibly freight rates should also go up.

18 Q. Do you not think a little analysis  
19 could be made there so we could know more exactly  
20 and it would not fall on the shoulders of one?

21 A. The trouble is freight costs have  
22 gone up - that is fine - but the fellow in Ontario  
23 does not pay any, he does not need to pay any and  
24 we get the complete shot.

25 Q. You said in your statement the  
26 population of Toronto, the workers -- well, the  
27 population of Toronto I think is particular enough  
28 to include everything, do not mind the increase in  
29 freight rates from Newfoundland. That is what you  
30 said, isn't it?





1 A. Not from Newfoundland, no.

2 Q. In the Maritimes?

3 A. They are already in the centre of  
4 60 percent of the population of Canada right there  
5 in the central market; we are a very small market  
6 towards the end of the line.

7 Q. I put down here that the Toronto  
8 population do not mind the increase in freight rates.  
9 Is that correct or not, just yes or no?

10 A. I would say no. They have so many  
11 alternative methods of transportation and they do  
12 not use the railroad very much but we have to use the  
13 railroad, we are tied to it.

14 Q. But, if freight rates change, whether  
15 rail or water rates, will it affect the population  
16 of Montreal and/or Toronto?

17 A. Well, it will affect them but to a very  
18 small measure in relation to the way it affects us.

19 Q. It will affect them?

20 A. Yes, it will affect them.

21 Q. In what way?

22 A. To some degree.

23 Q. On account of what?

24 A. It will drive them out of the railway  
25 on to the road or on to the canals.

26 Q. I will give you my answer if I may:  
27 The price of your goods will be increased at the  
28 other end, and Newfoundland sends a lot of fish out  
29 of this province, and they expect to increase that  
30 business. The volume of business, from the brief,







1 has increased tremendously in the last six years.  
2 I take it that the rest of the country will suffer  
3 and the island will benefit from the increase of  
4 volume if the freight rates remain high. Am I  
5 correct?

6 A. If the freight rate remains high we  
7 won't be marketing in Ontario.

8 Q. But they do not get fillet of cod in  
9 the prairies?

10 A. They will get it from the maritimes  
11 rather than ourselves.

12 Q. Is there a big difference between  
13 maritime rates and Newfoundland rates?

14 A. There is.

15 Q. If these could be levelled up do you  
16 think it would satisfy you?

17 A. Here is the problem: From here to  
18 Moncton is a thousand miles, and from here to  
19 Montreal is 1500 miles. If you had a fish plant  
20 at Moncton, it would be two thirds of the way to  
21 Montreal.

22 Q. I do not restrict myself to rail rates,  
23 I am especially interested in freight rates.

24 A. We are interested in rail rates be-  
25 cause they fix the water rates, unless we get  
26 competition. At the present our railway rates  
27 are based on a railway mileage rate not on a  
28 water distance at all. We are paying for 1600  
29 rail miles.

30 Q. I mentioned to a previous witness





1 that if the status quo remained the same that I  
2 feared, for one, talking for myself personally, that  
3 the Canadian flag ship would probably get out of  
4 this trade and that you might be at the mercy of  
5 the U.K. ships, or British flag ships, whichever  
6 expression is proper.

7 A. Do you think they would put their  
8 rates up above the railway rates?

9 Q. No, just a little under.

10 A. We still would not be at their mercy,  
11 we would still welcome them if they cut the railway  
12 rate.

13 Q. If that is your opinion I am satisfied  
14 to know it. About the William Carson, was the  
15 William Carson imposed on the Island of Newfound-  
16 land?

17 A. We were not given any say at all in  
18 her design, or anything else.

19 Q. In her design or what?

20 A. Or in her operation.

21 Q. Well, she is not in operation so you  
22 cannot have much to say in that.

23 A. Well, her planned operations, if I may  
24 change an adjective there.

25 Q. My question was: Was the William  
26 Carson imposed on Newfoundland, yes or no?

27 A. Yes.

28 Q. Thank you. Now, it is supposed to  
29 carry 800 tons and you say you know it will not  
30 carry 800 tons from your investigation?

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1 A. I do not know how they could get  
2 800 tons on it. It would have to be a very special  
3 cargo to get 800 tons in that boat.

4 Q. Is it just a presumption or have you  
5 the facts? It is easy to give an observation. If  
6 you were a ship builder I would not ask you the  
7 question but when you make such a statement I am  
8 entitled to question it.

9 A. It is my opinion, I will have to  
10 leave it at that. If she ever operates we will  
11 know.

12 Q. But you are doubtful about the parti-  
13 culars they give you in relation to the William  
14 Carson? Am I correct, you are doubtful about the  
15 particulars they have given you regarding the  
16 William Carson?

17 A. About the 800 tons?

18 Q. About everything.

19 A. No.

20 Q. You are not doubtful?

21 A. No.

22 Q. You are doubtful about the 800 tons.  
23 You are doubtful about the speed?

24 A. No, that speed is correct.

25 Q. It is correct. You are doubtful  
26 about the run, the time she will take?

27 A. Yes, I do not think she will turn  
28 out. It is the opinion of all mariners that I  
29 have spoken to that she cannot do it.

30 Q. Is it your opinion?







1 A. Yes, it is my opinion too. She might  
2 turn around but she will leave something behind her.

3 Q. You say the schedule will surely go,  
4 in the summer months she will be --

5 A. We are informed by the railway the  
6 schedule is only planned for July and August. When  
7 September comes she will do the same schedule as  
8 the Cabot Strait.

9 Q. Why?

10 A. Because they cannot turn around with  
11 full operation of freight in that time.

12 Q. What is the cause of it, they cannot  
13 turn around? Is it because the rudder is too small  
14 or what?

15 A. No. The time to dock, the time to  
16 oil, the time to provision, the time to get the  
17 cargo out of it, and the other cargo aboard, the  
18 passengers in and out, the mails straightened away  
19 and so on, and the cargo loaded on the open deck.

20 Q. I am glad to hear that. Now I know  
21 a little more. You have given a pile of information  
22 that I did not have before. What I had in the back  
23 of my mind is that the weather will probably have  
24 something to do with it. Is that correct?

25 A. Yes, sir.

26 Q. At some time of the year, except in  
27 the best months of the year like July and August.

28 A. Again it is the opinion of the  
29 mariners, both at Port aux Basques and at North  
30 Sydney. that under certain conditions they cannot





1 handle her.

2 Q. Is the weather one of the major con-  
3 ditions?

4 A. That is right.

5 Q. Have you any control of the weather or  
6 does the Canadian government or the C.N.R. have any  
7 control of the weather? Well, excuse me, I will  
8 recall that question.

9 THE CHAIRMAN: Thank you, Mr. Johnston.

10 --- The witness withdraws.

11 ----

12 THE CHAIRMAN: Mr. Hunt.

13 MR. HUNT: Mr. F. A. J. Laws, Mr. Chairman.

14 FREDERICK A. J. LAWS, Called.

15 MR. HUNT: What is your occupation, sir?

16 A. I am the manager of Newfoundland  
17 Associated Fish Exporters Limited.

18 Q. Would you describe very briefly, sir,  
19 that organization or company?

20 A. This is an organization, a mutual  
21 company, in which the members of the salt fish export  
22 trade in Newfoundland are members. It is a company  
23 which has come out of an organization in the sale and  
24 export of salt fish in Newfoundland which started  
25 away back in 1936. This company itself has been in  
26 operation since 1947. It is a company which has an

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1 exclusive export license from the federal government  
2 to sell and ship salt fish into all markets outside  
3 of Canada and the United States. It is a company  
4 which, as I mentioned, is a mutual company, it is a  
5 co-operative marketing operation which functions in  
6 such a way as to return to all of its members the  
7 same price. We operate a pool, in effect, which re-  
8 turns to its members the same prices for the various  
9 grades and sizes of fish at various times throughout  
10 the year.

11 Q. Could you give your own experience,  
12 very briefly, Mr. Laws, in the salt fish industry?  
13 How long have you been in the industry?

14 A. Well, I started in the marketing side  
15 of salt fish as a boy immediately after leaving school,  
16 some 30 years ago, and that was with a company in the  
17 United Kingdom which was and still is in existence in  
18 the marketing field, particularly throughout the salt  
19 fish markets of Europe, a well established company.  
20 They have had probably more experience as a marketing  
21 organization at that time --

22 Q. And you, yourself, have been in the  
23 marketing side of the salt cod industry for over 30  
24 years?

25 A. With that company, and subsequently to  
26 leaving them, here and experience here and with the  
27 present company.

28 Q. And you were the original general  
29 manager of the present company, Nafel, and its  
30 predecessor?

...the year.

...the year.

...the year.





1 A. Yes.

2 Q. You organized its predecessor?

3 A. Well, its predecessor was really a  
4 committee which was known in this country as the  
5 Marketing Administration Committee which operated  
6 during the war time. When the cod fishes came under  
7 control of Washington we had a marketing board which  
8 operated on exports to various countries. These  
9 groups were business groups which came under control  
10 of the Marketing Administration Committee which was  
11 really a trade operation co-operating with the govern-  
12 ment of the day.

13 Q. Now, sir, can you inform the Commission,  
14 approximately, of the number of Newfoundlanders who  
15 are engaged in the fish industry, actually in the  
16 catching of fish?

17 A. Well, we have the evidence of the  
18 Department of Fisheries in St. John's and we regard  
19 these as the official figures. They advise that the  
20 number of cod fishermen operating in 1953 was estimated  
21 at 13,216, to be precise. They do point out that  
22 insofar as the salt fishers are concerned they think  
23 the total of that total number is somewhere between  
24 11,200 and 11,700.

25 Q. This copy of a letter addressed to  
26 "Mr. L. R. Brooks, Assistant Manager, Nfld., Associated  
27 Fish Exporters Ltd., St. John's", is that the letter  
28 to which you are referring now?

29 A. Yes.

30 Q. I will put that in as the next exhibit.





1 THE SECRETARY: This letter will be Exhibit  
2 No. 23.

3  
4 --- EXHIBIT NO. 23: Mimeographed copy of letter  
5 dated 22nd July, 1955, from  
6 M. Rowe, Markets and Economics  
7 Service, Office of the Chief  
8 Supervisor, Dominion Department  
9 of Fisheries, addressed to  
10 Mr. L. R. Brooks, Assistant  
11 Manager, Newfoundland Fish  
12 Exporters Limited, St. John's.

13 MR. HUNT: Attached to that letter, Mr. Laws,  
14 there is a statement entitled "Shipments of 1953  
15 Production Salt Codfish By N. A. F. E. L.". What  
16 does that show, without reading everything there?

17 A. This shows the average export and value  
18 of salt fish during the past seven years. The average.

19 Q. No. I am sorry.

20 A. I beg your pardon? Yes. This is the  
21 shipment of 1953 production of salt fish sold by  
22 Nafel to and through Canadian ports and New York. It  
23 shows in total that for that year's production we  
24 exported about 25,000 tons gross weight, with a value  
25 shown here as nearly \$6,500,000, F.A.S., with about  
26 \$850,000 additional by way of freight.

27 Q. And these markets in the left hand  
28 column indicate the markets to which you export?

29 A. That is correct.

30 Q. With the weights and volumes beside  
them?

A. That is correct.

Q. Now, what would be the cost of freight  
on these exports. Mr. Laws?

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10

Now, what would be the case of this?



1           A.       On this quantity of fish which I just  
2 referred to?

3           Q.       Yes.

4           A.       The freight involved in that quantity  
5 is estimated to be around \$850,000.

6           Q.       What is the state of this industry and  
7 of the markets which it supplies?

8           A.       Well, the salt fish industry today is  
9 meeting considerable competition in the foreign  
10 markets.

11          THE CHAIRMAN: What relevancy has this?

12          MR. HUNT: Mr. Chairman, we are going to move  
13 into, shortly, the necessity of Furness Withy.

14          THE CHAIRMAN: Let us move into it. This  
15 witness says he controls or manages the export to  
16 countries other than Canada and the United States.

17          MR. HUNT: We do not ship direct as a rule.  
18 We have to ship through Furness Withy, that is the  
19 relevancy of Furness Withy to the coastal trade in  
20 Canada.

21          THE CHAIRMAN: This witness has said the  
22 company is not engaged in coastal trade at all.

23          MR. HUNT: It is trans-shipped at Halifax for  
24 the Caribbean market and New York for other ports.

25          THE CHAIRMAN: If you shipped to New York  
26 you are not in the coastal trade.

27          MR. HUNT: We have a regular run on Furness  
28 Withy which travels on schedule from Liverpool,  
29 St. John's, Halifax and Boston and New York.

30          THE CHAIRMAN: The only coastal trade part of



On these grounds, of which which I just

in relation to the question of the

in relation to the question of the

There is a great deal of discussion and

in the market which is

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CHAIRMAN: The relevancy has this?

MR. HULL: Mr. Chairman, we are going to move

into, thereby, the necessity of business with

in the market which is

without any in connection or manager

conducted in the United States and the United States.

MR. HULL: We are not only direct as a rule.

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THE CHAIRMAN: The Chairman has said this

company is not engaged in business with it all.

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you are not in the business field.





1 it is Saint John, New Brunswick to St. John's,  
2 Newfoundland, and Halifax, Nova Scotia.

3 MR. HUNT: The large portion of this fish  
4 travels to Halifax and, therefore, would be coastal  
5 trade.

6 THE CHAIRMAN: Is that being shipped from one  
7 port in Canada to another?

8 MR. HUNT: Yes, Mr. Chairman, and trans-shipped  
9 at Halifax.

10 THE CHAIRMAN: It is not being shipped from  
11 one point in Canada to another point in Canada; it is  
12 being shipped from one port in Canada to another port  
13 in Canada through Halifax.

14 MR. HUNT: I understand evidence will be  
15 brought by Furness Withy that they will not maintain  
16 their present service in its present state if there  
17 is any change in the coastal trade laws.

18 THE CHAIRMAN: I do not see the relevancy of  
19 it but put it in.

20 MR. HUNT: With your permission, Mr. Chairman,  
21 I will.

22 Q. What is the condition, briefly, of the  
23 industry, Mr. Laws?

24 A. Well, at the present time the salt fish  
25 industry is meeting considerable competition in the  
26 world markets from producers in Iceland, Norway,  
27 the Faroe Island, Denmark, the United Kingdom and  
28 also from the deep sea fleets which are now operating  
29 on the deep sea off the Grand Banks here from  
30 Portugal, Spain and France.





1 Q. What is the profit factor in the  
2 industry?

3 A. Well, I cannot speak on the profit  
4 factor myself because in our own company we are a  
5 non-profit company, we are simply the marketing  
6 organization operating a pool and returning everything  
7 back.

8 Q. From your knowledge of the industry.

9 A. Very briefly I would say that today the  
10 profit must be very limited because every year there  
11 are meetings of the fishermen, who are well aware of  
12 the full factors of the returns, and they try to  
13 agree on a reasonable profit margin, and so on, but  
14 I believe the trade very often has much less profit  
15 than they may sometimes agree it should be. I cannot  
16 speak with any certainty of the actual figures.

17 Q. How is this fish shipped to the markets  
18 which you have indicated consumes it?

19 A. Well, it is shipped considerably by  
20 trans-shipping at Halifax, In the case of the  
21 markets in the Caribbean area, which has now become  
22 a very vital area for marketing our total production --

23 Q. Can you give an approximate percentage  
24 of your market in the Caribbean?

25 A. Well, we think in terms of western  
26 hemisphere, which means in our minds the Caribbean  
27 and Brazil, and today it would be something in the  
28 order of 75 percent of our total shipments to foreign  
29 markets.

30 THE CHAIRMAN: What is the percentage?

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1 A. I would say 70 to 75 percent.

2 MR. HUNT: That you say is shipped through  
3 Halifax,

4 A. Not all, not necessarily. This list  
5 to which you referred just now shows the 1953 figures  
6 up to 30th of August, 1954. The total is approxi-  
7 mately 25,000 tons passing through New York and  
8 Halifax, and the greater proportion of that would  
9 be through Halifax.

10 THE SECRETARY: Is this exhibit which has  
11 been referred to as Exhibit 23 not two exhibits?

12 MR. HUNT: Yes, it is on a separate topic.

13 THE SECRETARY: The second page then will  
14 be Exhibit 24.

15  
16 --- EXHIBIT NO. 24: Shipments of 1953 production  
17 of salt codfish by N.A.F.E.L.  
18 to and through Canadian ports  
and New York.

19 MR. HUNT: Q. Could you give approximately the  
20 percentage through Halifax and through New York, if  
21 there is a regular percentage?

22 A. There is not necessarily a regular  
23 percentage. I have not the figures before me  
24 specifically but I would say that of this quantity  
25 during this period perhaps 80 percent of that may  
26 have passed through Halifax.

27 Q. Do you, yourself, have knowledge of  
28 the transportation facilities used by Nafel in  
29 shipping fish to Halifax and New York?

30 A. Yes.







1 Q. What lines do you use?

2 A. We use Furness Red Cross and Furness  
3 Withy ships. We use ships of the Newfoundland Canada  
4 steamship line and we use small size local vessels.  
5 Occasionally we ship by one or two of the other  
6 lines which come into St. John's or into other  
7 Newfoundland ports with freight. The great bulk,  
8 however, of the movement is by Furness boats, which  
9 during the twelve months up to the 31st of July,  
10 1954, - Furness Withy and Furness Red Cross ships  
11 to Halifax and New York - moved 11,426 tons of net  
12 weight, which is approximately 12,588 tons gross  
13 weight; that is, to Halifax and New York by those  
14 ships.

15 Q. I understand September 30, 1954 are  
16 your latest figures?

17 A. Yes, those are the latest figures we  
18 can use. The rest would be shipped by the Newfound-  
19 Land Canada steamships and these smaller local motor  
20 vessels.

21 Q. Is there any difference in the con-  
22 venience of the other various lines which run to  
23 Halifax, as regards to moving salt fish for your  
24 company?

25 A. Well, the small local ships are very  
26 convenient because they can often be loaded at  
27 many of the small out ports where no steamships  
28 on any regular run can touch. That is a great  
29 convenience to us, obviously, because they can  
30 load at these small out ports and run to Halifax

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1 for trans-shipment there on to the foreign ships.

2 We find Furness Withy and Furness Red Cross  
3 ships, in our opinion today, are essential to us  
4 because they are on a regular schedule. We know  
5 precisely that they will be running, that they are  
6 running and keeping to a schedule, which is not the  
7 case with any other line. We know that whenever we  
8 have fresh shipments to move that we can rely on  
9 those ships being able to carry them. We cannot say  
10 that to the same extent of any other line.

11 COMMISSIONER WICKWIRE: Q. And Newfoundland  
12 Canada are on a scheduled run?

13 A. We could not say that we can rely on  
14 Newfoundland Canada to always carry the fish we have  
15 to move.

16 Q. My question was: Are they on scheduled  
17 runs from St. John's to Halifax?

18 A. I think you would call it scheduled  
19 runs. I am not certain what you mean by that but I  
20 believe you call it on scheduled runs. I believe  
21 their schedules are set to dead lines as it may suit  
22 them from time to time.

23 MR. HUNT: Q. Have you had any instance of  
24 that, Mr. Laws?

25 A. I can't say that specifically at this  
26 moment but what we have found -- Are we speaking of  
27 the Newfoundland Canada Steamships?

28 Q. Yes.

29 A. We use them considerably but we do  
30 find in their case that when it so suits them they





1 will not wait to take fish cargo back to Halifax if  
2 it means what they consider to be a delay. That is,  
3 if they have a general cargo waiting for them in  
4 Halifax and there is danger of any other ship getting  
5 it - and I am expressing my own opinion on this - they  
6 would rather return to Halifax as they have done on  
7 some occasions, without any fish cargo from Newfound-  
8 land in order to secure the cargo in Halifax.

9 COMMISSIONER WICKWIRE: Q. You said the Furness  
10 Withy were the only line on a scheduled run and I  
11 asked you if the Newfoundland Canada were not also  
12 on a scheduled run. I have not got the answer yet.

13 A. Well, I say I think they are on a  
14 scheduled run.

15 THE CHAIRMAN: I think you have an answer,  
16 that Newfoundland Canada are on a schedule and they  
17 keep to it. That seems to be the witness' answer.

18 A. They are not on a schedule insofar as  
19 our movements are concerned of fish movements to  
20 Halifax. They may be scheduled in so far as movements  
21 from Halifax or other ports to which they may go to  
22 bring goods here is concerned but I do not think we  
23 can say they are scheduled for movements from St. John's  
24 to Halifax. The dates they are available to us are  
25 controlled by their other operations. Nevertheless  
26 we do use them quite substantially but very often we  
27 have to ask them, for instance, to load at Conception  
28 Bay, or some other place where there is a worthwhile  
29 volume of fish, and sometimes we get the answer, "No,  
30 we cannot wait, we are returning to Halifax".







1 Q. What you must mean is not that Furness  
2 Withy is the only scheduled line but that they are  
3 the only line which will change their schedule to  
4 meet your convenience?

5 A. No, I do not think it would be entirely  
6 correct for me to agree with that. To be quite fair  
7 on that point with Furness Withy: If we ask them  
8 perhaps to wait over night until the morning because  
9 it is raining at night, rather than sail that night,  
10 so long as there is a reasonable quantity of cargo  
11 they will do so, so I do not think we can say it is  
12 confined entirely to Newfoundland Canada.

13 COMMISSIONER WICKWIRE: Q. Will Furness go to  
14 Conception Bay?

15 A. Quite frankly they will go to Conception  
16 Bay, and often go.

17 Q. That is, Furness Red Cross?

18 A. Yes; not Furness Withy.

19 MR. HUNT: Q. Do you ship any of your products  
20 via Liverpool on the service operated by Furness Withy?

21 A. Yes, we do.

22 Q. Is that important to the industry?

23 A. Well, it is true the volume which we  
24 have in Europe today has been considerably reduced  
25 in comparison to what it was many years ago. Many  
26 years ago Furness used to carry a very substantial  
27 quantity of fish products for trans-shipment at  
28 Liverpool for European markets. Our volume today  
29 is not as great as it was but we ship the larger  
30 part of our European shipments by direct steamer





1 but there is an advantage to us to have the  
2 facilities of a line from St. John's to Liverpool  
3 because frequently we have quantities which we con-  
4 sider to be small, sales which are obviously  
5 impossible to do anything with in the way of  
6 chartering a steamer, and we must obviously use some  
7 facility to get them there and Liverpool is the method  
8 most beneficial to us. We can ship small quantities  
9 by this means to Mediterranean and African ports and  
10 if we had a substantial increase we would probably  
11 need the facilities of a steamship line more than we  
12 do today.

13 Q. What would the effect be to the New-  
14 foundland salt fish industry if Furness Withy and  
15 associated lines did not operate from St. John's?

16 A. Well, firstly, it is obvious we would  
17 have to find some other method of shipping to move  
18 that cargo which is presently carried by Furness  
19 Withy. We doubt very much whether it would be possible  
20 for us to do it at short notice, to find sufficient  
21 shipping to carry that. We believe we would be  
22 completely dislocated in our methods of shipping and  
23 our policy of selling.

24 THE CHAIRMAN: Q. Strike out the "short notice"  
25 Mr. Laws, because there has been no inference that  
26 anything would be done on short notice. Supposing  
27 you had plenty of notice?

28 A. May I continue on that point?

29 MR. HUNT: Q. If you had ample notice?

30 A. If we had ample notice it is likely





1 that we would be forced into arranging to charter and  
2 ship directly from Newfoundland to our markets, our  
3 major markets at any rate. We also believe that if  
4 Furness facilities were not available to us, apart  
5 from our ability to find other ships of sufficient  
6 tonnage to carry cargo to Halifax, we would be most  
7 likely subject to an increase in freight rates.

8 Q. What about the amounts which would be  
9 forwarded, would you have a readily available market  
10 for them if you shipped direct?

11 A. It would certainly create considerable  
12 dislocation for a period, and it is very difficult to  
13 estimate that period and it is possible we might find  
14 ourselves at a great disadvantage. That, of course,  
15 would not apply to the Caribbean markets because the  
16 custom there is for the receivers in those countries  
17 to purchase their supplies frequently. One could say  
18 that there are almost weekly regular movements. That  
19 is probably why this system through Halifax has been  
20 worked out, because of the substantial number of  
21 foreign lines giving connections at Halifax. If we  
22 had to work direct shipments from this country we  
23 would obviously have to try and arrange to ship in  
24 much larger quantities at once, which we believe  
25 would certainly be very difficult to say the least,  
26 and we believe we would even lose consumption because  
27 these countries to which we sell very often do not  
28 have the facilities to carry in storage large  
29 quantities of fresh fish.

30 COMMISSIONER WICKWIRE: You do not ship







large quantities of fish to Europe and Africa?

A. We do, sir, to Europe.

Q. It is a very small portion of the total, according to Exhibit 24.

A. Yes, but we usually ship to Europe much larger quantities - I should say Europe and Africa.

Q. You shipped 56 hundredweights to Port West, Africa, 195 hundredweights to Malta and 1,306 hundredweight to Madeira; but I cannot find any other European or African place on the list.

A. You will notice Exhibit 24 refers to shipments to and through Canadian ports and New York; and the greatest part of our business with Europe is shipped directly from Newfoundland.

Q. Via Furness?

A. No, in ships chartered either by ourselves or supplied by the country concerned.

Q. What proportion of your tonnage is shipped via Furness to Europe?

A. Very little. I have not that particular figure, any quantity.

Q. Why is it such a tremendous advantage to you to have the Furness line to ship fish to Europe?

A. Well, these quantities which we are shipping might not be sold if we had not that shipping facility.

Q. I do not just follow you and I would like you to clarify that.

A. I do not know whether there is a misunderstanding there. I did not say earlier that the





1 line to Liverpool was a tremendous advantage, I did  
2 not mean to indicate that. I tried to answer the  
3 question asked.

4 Q. You said it would be a great dis-  
5 advantage.

6 A. I probably said it would be a disadvan-  
7 tage and obviously it would be a disadvantage because  
8 any facility which is withdrawn from us obviously puts  
9 us at a disadvantage. I do not think I would have  
10 conveyed that it would have amounted to a great dis-  
11 advantage, insofar as St. John's to Liverpool is  
12 concerned. Not so far as our market at the present  
13 time stands.

14 MR. HUNT: I think earlier, Mr. Commissioner,  
15 in evidence the witness said that it was important  
16 to Nafel to have the service through Liverpool for  
17 traditional markets there but I do not think he  
18 stated that it was of tremendous importance to go  
19 through Liverpool. I may have confused you by my  
20 question. I meant to imply the service through  
21 Liverpool, St. John's, Halifax and Boston, and the  
22 associated line to New York.

23 COMMISSIONER WICKWIRE: I want to get this  
24 point clarified in my own mind. I think Mr. Laws  
25 said the volume in Europe today is greatly reduced  
26 from what it was.

27 A. Yes.

28 Q. Nevertheless, it would be a great  
29 disadvantage if the Furness Withy service to  
30 Liverpool were removed. I asked him how much salt





1 fish was shipped by Furness Withy to Liverpool and he  
2 said very little. I want to know the relationship of  
3 those two factors; that is, the shipments are smaller  
4 but the service is important.

5 A. It might well be that we would lose some,  
6 even though the quantities may be small. If we did  
7 not have those shipping facilities we might lose that  
8 business and every mickle makes a muckle, especially  
9 in these days when the salt fish industry is highly  
10 competitive. Every ton of fish we can sell means a  
11 ton of fish sold for the fishermen of Newfoundland,  
12 that is what it means.

13 Q. I do not wish to prolong this. I can  
14 follow your argument about the Furness service between  
15 St. John's and Halifax, but I cannot follow your  
16 argument with respect to St. John's to Liverpool  
17 because you have very little of it.

18 A. Because we may lose what we have.

19 MR. HUNT: Q. Have you any figures on that?

20 A. I do not think I have them before me.

21 Q. Can you obtain them to file with the  
22 Commission?

23 A. Yes, I can obtain them from my office.

24 Q. I do not like to lead, Mr. Chairman,  
25 but: Are you concerned about the present European  
26 market or do you expect it to expand?

27 THE CHAIRMAN: Is that not somewhat similar  
28 to asking the witness: Does he hope to go to heaven?

29 A. Yes, it does not make me hesitate. I  
30 must say in the immediate future - and by that I mean







perhaps a year or two - I do not think there could be any real, substantial increase in the European business. It is difficult for me to go beyond that.

MR. HUNT: Q. So, therefore, the figures that you will file will show the importance to the Newfoundland industry of the European market, in answer to Mr. Wickwire's question. When you file the figures of the exports via Furness Withy to Liverpool, those figures will show the importance of that port to the shipments.

A. Insofar as the shipments to Liverpool are concerned, they are only a very small portion of our shipments to Europe.

Q. Does that clarify the situation?

COMMISSIONER WICKWIRE: Yes.

MR. HUNT: We will file those tomorrow, sir.

Q. What would be the effect on your sales to the Caribbean markets which are served through Halifax and New York if British vessels do not call at St. John's, if the Furness Withy and associated lines do not operate in St. John's, bearing in mind that Newfoundland Canada operate a service?

A. Well, I think I answered that before, that I think we would be dislocated. I do not know what that period would be.

Q. Even if you have notice?

A. Yes, because for a period we would be under some --

Q. What would be the effect on the rates?

A. Well, our opinion is that the freight





1 rates would increase between Newfoundland and the  
2 mainland of course.

3 Q. How about the freight rate on your  
4 product delivered to the market?

5 A. Well, the freight rate right through to  
6 the market is then -- you have the combination of the  
7 local rate and the rate on the foreign going ship, let  
8 us say, from Halifax, which one must assume is con-  
9 trolled by world freight rates because a large pro-  
10 portion of the fish - not only fish but other goods -  
11 carried out of Halifax, if you are talking about the  
12 Caribbean is, I believe, carried by ships of foreign  
13 registry.

14 Q. I understand you personally do the  
15 marketing for Nafel with various directors?

16 A. Yes.

17 Q. Do you have difficulty in obtaining  
18 contracts for the sale of Newfoundland salt fish now?

19 A. Yes. We have to meet the competition of  
20 the countries I mentioned earlier.

21 Q. If freight rates increased could they be  
22 added to the sales price of the product, from your  
23 knowledge of the industry?

24 A. Well, we would naturally try to do so,  
25 but as conditions are today in the markets and the  
26 volume supplies available, all of the factors --

27 COMMISSIONER WICKWIRE: Q. Are you getting  
28 the same competition in the Caribbean as you are in  
29 Europe?

30 A. Yes, in the sense that you mean it.





1 Q. Are you getting it from the same  
2 European countries that you mentioned?

3 A. Very largely yes. Plus, in the case of  
4 the Caribbean, the competition of exporters in Nova  
5 Scotia, which is quite substantial.

6 Q. Of salt fish?

7 A. Yes. I think it would probably be  
8 correct to say our major competitor, insofar as volume  
9 is concerned, in the Caribbean is Nova Scotia. But,  
10 there are producers in Europe who are eyeing our  
11 position in the Caribbean very jealously and in the  
12 last three or four months they have been making very  
13 strenuous efforts to get in there.

14 Q. You mentioned that the volume in Europe  
15 today is greatly reduced; how about the volume in the  
16 Caribbean?

17 A. Well, in percentage, and I think also in  
18 tonnage, the volume in the Caribbean area has increased  
19 - that is, comparing it with pre-war and disregarding  
20 the war years, which were unusual.

21 Q. In the same period that the European  
22 market has decreased, the Caribbean market has  
23 increased; is that right?

24 A. Well, it has increased I think for  
25 Newfoundland but it may not have increased in the  
26 total so much, taking Nova Scotia and Newfoundland  
27 together. I am not too certain without looking at  
28 a lot of statistics.

29 COMMISSIONER BELANGER: Q. To follow the same  
30 argument could you supply this Commission with







figures on the world consumption of salt fish?

A. That would be quite a job, when you refer to world consumption of salt fish. I would probably have to refer you -- I think there is a total made up by the F.A.O. and published a year or two ago. I know in our own case we have used these figures to try and extract salt fish consumption figures, and it is not easy to do it, because so often they are mixed up with other kinds of fish. It probably would not be possible to get a very accurate figure. We ourselves do not believe these figures appearing in this publication.

COMMISSIONER WICKWIRE: Q. Can you supply us with figures showing the Newfoundland exportation of salt fish both to Europe and the Caribbean area for, say, the last ten years? Perhaps you already have; I do not know.

MR. HUNT: Will you add "total" to that, Mr. Commissioner, and I will not have any more questions. Total export of fish from Newfoundland.

COMMISSIONER WICKWIRE: Q. Broken down into years?

A. I have them before me. These are totals.

MR. HUNT: Q. The Commission wants markets themselves?

COMMISSIONER WICKWIRE: Q. Of the two principal ones.

A. You are not interested in the particular markets, you are referring particularly to areas, say the western and eastern areas?





1 MR. HUNT: Q. Can you tell the Commission in  
2 closing the total production of Newfoundland salt cod  
3 fish, or the average production?

4 A. I can give you the average export, not  
5 production.

6 Q. The average export, then.

7 A. Is 864,257 quintals.

8 Q. And the average yearly value?

9 A. Those seven years have a value of  
10 \$13,329,000 approximately, f.o.b.

11 Q. And what would the cost be c.i.f.?

12 A. We estimate the average freight payable  
13 on that is around \$1,200,000. That is not c.i.f.,  
14 but that gives you c. and f.

15 COMMISSIONER WICKWIRE: I am glad to have  
16 that information but that is not the information I  
17 was looking for.

18 MR. HUNT: No, that is in the brief and we  
19 were only proving it.

20 COMMISSIONER BELANGER: Q. Would you say the  
21 world consumption of salt fish has decreased over  
22 the past years, increased or remained stable, without  
23 having definite figures. Could you answer that  
24 question?

25 A. Well, in your question you referred to  
26 world production. If I may suggest it --

27 Q. And consumption.

28 A. I would like to qualify and refer not  
29 so much to world consumption or production, because  
30 that takes in China, Japan and many areas, Asia,





1 which have no influence on our markets in Newfoundland  
2 or Nova Scotia. We are not influenced by them at all.  
3 I would like to answer that question by referring to  
4 the production of such countries as Iceland, Norway,  
5 the Faroe Island, France, Portugal, Spain and New-  
6 foundland prior to three years ago, and Canada. I  
7 would say, speaking broadly, that the production and  
8 consumption has remained pretty well the same. The  
9 countries I have referred to are the production  
10 countries and Europe, the Caribbean and South America  
11 are the areas in which the fish is mainly disposed of  
12 by these various producers.

13 MR. GERIN-LAJOIE: Q. Mr. Laws, in the latter  
14 part of your testimony you expressed the fear that  
15 the dislocation of your salt fish markets might  
16 follow any change or discontinuance of the present  
17 services of the Furness companies. I imagine you  
18 envisage such a dislocation under present shipping  
19 conditions, or do you envisage such a situation if  
20 shipping conditions were to change, not only for the  
21 Furness companies but also for all the other shipping  
22 companies and possibly future shipping companies?

23 A. It depends on how they change. As you  
24 say in the first part of your comment, under today's  
25 conditions, as we see them, we believe there would  
26 be dislocation. We feel that these ships which are  
27 there winter and summer, definitely scheduled to take  
28 cargo out of Newfoundland, gives us a basis of  
29 certainty and permits us to sell in the various  
30 markets with regularity, we can even sell ahead.







1 We can sell fish not only one month, but two, three,  
2 four, five, six months ahead because we know these  
3 ships are going to be there; we know with all  
4 reasonable certainty that we can move it. We cannot  
5 say the same thing for the other ships.

6 Q. I believe you made this point quite  
7 clear, but I wonder if you have any reason to believe  
8 this service could not continue or could not be re-  
9 placed by another equivalent service, as far as you  
10 are concerned?

11 A. I cannot tell that, of course, I wouldn't  
12 know.

13 Q. This is all, Mr. Chairman.

14 COMMISSIONER BELANGER: Q. Are the rates  
15 charged by the Newfoundland Canada Company and Furness  
16 the same?

17 A. Yes.

18 Q. To Halifax?

19 A. Yes.

20 Q. They are the same?

21 A. Yes.

22 Q. Because Furness is part of that  
23 Conference.

24 A. Well, in reference to that, as I under-  
25 stand it today there is no Conference.

26 Q. Does the Newfoundland Canada Steamship  
27 line operate British or Canadian bottoms?

28 A. I believe that the -- I think the two  
29 ships which Newfoundland Canada operate are Canadian  
30 register. I believe it has two ships.





1 Q. They charge the same rate as Furness  
2 Withy?

3 A. Yes. But if I may add to that, in our  
4 opinion, and we say this quite fairly and honestly,  
5 we believe, as a result of our knowledge and  
6 association with all these matters, that they do  
7 charge the same rate today only because we have  
8 Furness Withy agreeable to that rate. We believe  
9 otherwise we would be forced to pay much higher rates.  
10 It is difficult to say, of course. That is an  
11 opinion, I am not -- Nobody can say that, I am sure.

12 THE CHAIRMAN: Q. Now, Mr. Laws, in your  
13 statement, Exhibit 24, you show total sales having  
14 a value of \$6,780,000 of which \$1,692,000 was to  
15 Puerto Rico; \$1,766,000 to Jamaica and \$1,334,000 to  
16 Brazil. Those three countries are the three countries  
17 you referred to as the Caribbean and western area?

18 A. These are the largest markets.

19 Q. That is 70 percent of the total?

20 A. Yes.

21 Q. You are the sales agency?

22 A. Yes.

23 Q. You negotiate the sales. Now, fish  
24 to the value of \$1,692,000 was sold in Puerto Rico.  
25 In effect, that was sold by your company, or your  
26 company acting as agents, to purchasers in Puerto  
27 Rico and when it leaves your plants here in New-  
28 foundland, it is consigned to persons in Puerto  
29 Rico; is it not?

30 A. Yes.





1 Q. Well, then, why do you fear the Furness  
2 Withy service might be discontinued, because even if  
3 British ships were barred from the coastal service in  
4 Canada that is not coastal service, that is shipping  
5 from one port in Canada to a port outside Canada?

6 A. Even if it is trans-shipped at Halifax?

7 Q. Yes, regardless. Another example which  
8 I heard of  
9 and arrived at destinations somewhere in Alaska. To  
10 do so they travelled part of the way on railroads  
11 within the United States of America, a very large  
12 portion of the way on railroads in the Dominion of  
13 Canada and then on Canadian ships between Prince  
14 Rupert and Alaska, and that is coasting trade in  
15 the United states. They travelled from one port in  
16 the United States, Albany, considered as a custom  
17 port, to another port in the United States, Fairbanks,  
18 Alaska; that is coastal trade. I suggest the trade  
19 in which you are engaged is not coastal trade and  
20 would not be interfered with by any submission being  
21 made to this Commission, except to this effect: If  
22 Furness Withy believed that the interference or the  
23 barring of their ships from other truly coastal trade  
24 between Halifax and St. John's would make the run  
25 unprofitable so that they could not survive to carry  
26 your non-coastal trade, that would be the only effect,  
27 would it not? I think there has been some false  
28 thinking on this subject and I wanted to clear it  
29 up at this time. Thank you.

30 Are there any further questions?







1 Thank you very much.

2 --- The witness withdraws.

3 THE CHAIRMAN: We will have a ten minute recess.

4 --- Recess from 9.15 to 9.40 o'clock P.M.

5 MR. HUNT: Dr. Warren S. Smith.

8 DR. WARREN S. SMITH, Called:

9 MR. HUNT: Q. Dr. Smith, you are the manager  
10 of Newfoundland Fluorspar Limited, are you not?

11 A. Yes.

12 Q. Where is that company located?

13 A. St. Lawrence and Placentia Bay.

14 Q. How long now have you been in  
15 St. Lawrence in the mining business, doctor?

16 A. I went there first in 1933.

17 Q. Who did you go to work with when you  
18 first went there?

19 A. I worked for St. Lawrence Corporation,  
20 which is another fluor-spar company in the same town.

21 Q. When did you first begin working with  
22 the Newfoundland Fluorspar Limited?

23 A. In 1939.

24 Q. Were you Manager in 1939?

25 A. Yes, sir.

26 Q. And Newfoundland Fluorspar Limited is  
27 a subsidiary of the Aluminum Company of Canada; is  
28 that correct?

29 A. A wholly owned subsidiary.

30 Q. Can you tell us how many persons they





employ, approximately?

A. About 250 on a year round basis.

Q. What do they spend per year in Newfoundland, approximately, on wages and material?

A. Approximately, in 1954, \$1,300,000.

Q. And can you tell us what was your wage bill per month?

A. Approximately \$70,000 a month.

Q. Then, you have been in charge of this Fluorspar Company and you have been arranging and looking after its shipping operations since 1939?

A. Well, I wouldn't want to answer the question the way you frame it. We sell our spar f.o.b. St. Lawrence and the shipping is handled by Saguenay Terminals in Montreal. We do not have anything to do with arranging for charters.

Q. You are acquainted with the ships that call there?

A. Yes.

Q. What was the total amount of fluor-spar shipped the last year from St. Lawrence?

A. We shipped just over 60,000 tons of raw fluorspar. That goes to Port Alfred and is trans-shipped up the Saguenay a further 20 miles to Arvida, where it is used in smelting aluminum.

Q. All your fluorspar is used in the coasting trade of Canada. Now, what tonnage of fluorspar do you expect to ship this year?

A. So far we have shipped 42,000 tons and expect to ship 72,000.





Dr. W. S. Smith.

785.

Q. Your operations are an expanding operation, you are shipping more each year?

(Page 786 follows)







1 A. Since the first year we have con-  
2 tinuously expanded, except for a couple of years  
3 right after the war when there was a set-back in  
4 the amount shipped.

5 Q. Can you tell us, although you do not  
6 handle the shipping of the company, who moves  
7 this fluor-spar?

8 A. Saguenay Terminals contracts for the  
9 moving of the spar.

10 Q. On what ships?

11 A. They have various ships but the ones  
12 in the service this year would be the Sundial and  
13 the Sun Prince and the Sundale, three ships we  
14 expect will be handling the spar for Saguenay  
15 Terminals.

16 Q. Do you know what register those ships  
17 are on?

18 A. They are all U.K.

19 Q. What is the carrying capacity of these  
20 ships?

21 A. Well, they are 4700, Park type ship.  
22 They carry 4800 net tons, less than 5000, but they  
23 average about 4800.

24 Q. Have you shipped spar on any other  
25 ships?

26 A. Yes, we shipped some this year.

27 Q. On what ship?

28 A. On the Sheldrake.

29 Q. That is, the Clarke Steamship Company  
30 boat?





1 A. Clarke Steamship boat. And we made  
2 one or two shipments on the Novaport, which is also  
3 Clarke Steamship.

4 Q. Is the Sheldrake of British registry?

5 A. Yes. As far as I know, the Novaport  
6 is Canadian registry.

7 Q. I think that is correct. Would you say  
8 the boats now used by Saguenay Terminals to move  
9 your ore, that they are suited to this trade?

10 A. They are peculiarly suited to it.  
11 They are a deep sea type of bulk cargo carrying  
12 ship.

13 Q. Now, Dr. Smith, what quantity of  
14 materials and cargo, machineries and supplies, do  
15 you bring in to your plant from mainland Canada  
16 each year?

17 A. I wouldn't know offhand, but it is not  
18 a very considerable amount of tonnage.

19 Q. What would the value of this be,  
20 approximately, per annum, including the freight  
21 charges?

22 A. Offhand I would say in the neighbour-  
23 hood of three or four hundred thousand dollars.  
24 Part of that, of course, goes through St. John's.

25 Q. Part of that shipment goes through  
26 St. John's. What does it consist of, what sort  
27 of goods or materials?

28 A. Well, the materials used in mining.  
29 The most expensive one is B.C. fir, mine timber,  
30 and also light timber that originates in the Bay





of Chaleur. The ore and other materials which run into more tonnage than money. Explosives.

Q. What province do your explosives come from?

A. They all come from Belle Isle in Quebec.

Q. And lime and other reagents?

A. The lime comes from Quebec and ferro-silicon comes from Ontario, I believe it is shipped from somewhere near Niagara Falls.

Q. Your company is vitally concerned with the cost of shipping your cargo?

A. It is vital to us, shipping, at the present time.

Q. Dr. Smith, can you outline for us why you are concerned with this problem? For example, can you outline the competitive market situation now in connection with fluor-spar?

A. It is extremely competitive, much more so than it was in earlier years. The consumption of fluor-spar has stayed high, and is increasing at a slight rate, but less and less of it is produced on the Canadian side and on the American side. The amount that is produced in America has been drifting out to the extent of, I suppose, about a third of what it was, say, three years ago. Foreign competition has already reduced the tonnage of spar that is mined in the United States and most of that tonnage has been replaced by spar mined in Mexico.







1 Q. Is it true to say Mexican fluor-spar  
2 is your major competitor?

3 A. Well, the people who had the making  
4 of low prices. So far they have not been able to  
5 actually replace our spar in Quebec but they have  
6 entirely taken over the other markets in Quebec,  
7 the metallurgical markets such as Sydney and Dosco.  
8 They are now buying their spar in Mexico at prices  
9 we cannot compete with.

10 Q. Is it true Mexican fluor-spar can be  
11 landed at Port Alfred in Quebec at a lower price  
12 than fluor-spar from Newfoundland?

13 A. So I am told.

14 Q. In the face of this competition, then,  
15 would you say it was likely -- In view, then, of  
16 this competition what do you say your position is  
17 now, competitively?

18 A. It is very closely marginal. Any  
19 further increase in the cost of delivering spar  
20 to Port Alfred would very possibly result in our  
21 having to close down the operation in St. Lawrence.  
22 There is <sup>little</sup>very <sub>^</sub>possibility of getting any other  
23 customer.

24 Q. Would you tell us, doctor, whether  
25 your profit margin is large or small?

26 A. It is extremely small. For this year,  
27 1955, if we have a reasonable amount of good luck  
28 we hope to break even, but there is not likely  
29 to be any considerable margin of profit at all.

30 Q. Can you tell us what proportion of





1 the price of a ton of fluor-spar shipped to Port  
2 Alfred would represent the cost of freight?

3 A. It is hard to pin me down on it because  
4 I don't know what the freight rate is. Saguenay  
5 Terminals do not divulge it to us but in a general  
6 way I would say a sixth or a seventh, 15 or 20%.

7 Q. Supposing your company could no  
8 longer sell your fluor-spar in Quebec could you  
9 sell it in the international markets and utilize  
10 international shipping?

11 A. There is a <sup>faint</sup> possibility of it.

12 Q. You say it is a faint possibility.  
13 Well, then, doctor, if British bottoms were  
14 prohibited from our coasting trade what do you  
15 think the result would be to your company?

16 A. I am sure as anything I learned in  
17 school if you take away that competition freight  
18 rates would be increased.

19 Q. What would be the result to your  
20 operation?

21 A. If they were increased as much as a  
22 dollar a ton I would say it would be more profit-  
23 able for us to buy some foreign spar and close  
24 down this plant until the price structure of  
25 fluor-spar improved.

26 Q. Thank you, doctor.

27 MR. GERIN-LAJOIE: Mr. Chairman, I take it  
28 the Commission will have the opportunity of  
29 hearing shipping companies themselves and,  
30 under these circumstances, I have no questions





1 to ask the witness.

2 COMMISSIONER WICKWIRE: Q. I have a question:  
3 If you take away all Canadian ships are you equally  
4 certain freight rates would go up?

5 A. That is a hard question to answer,  
6 sir. I don't know.

7 Q. If any one flag has the privilege of  
8 carrying your spar would not the tendency be to  
9 charge all that the traffic would bear?

10 A. I would think so.

11 Q. Thank you.

12  
13 ---The witness withdraws.

14 MR. HUNT: Mr. Eaton, Mr. Chairman.

15  
16  
17  
18 G. CAMPBELL EATON, called.

19 MR. HUNT: Q. I understand you are director  
20 of Fisheries Products Limited?

21 A. Yes, that is right.

22 THE CHAIRMAN: I did not get the name of  
23 the witness.

24 MR. HUNT: G. Campbell Eaton, E-a-t-o-n.

25 Q. I understand you are a director of  
26 Fishery Products Limited?

27 A. Yes.

28 Q. And that company is the owner of fresh  
29 fish producing plants in Newfoundland?

30 A. That is right.







1 Q. What are your duties in connection  
2 with that company?

3 A. I am directly responsible for the  
4 administration and operation of the plants by the  
5 company.

6 Q. How many plants does the company now  
7 own?

8 A. The company has six plants presently  
9 operating, with two more to come into operation  
10 within one month and three plants more in 1956-57.  
11 expanding

12 Q. It is a rapidly<sup>expanding</sup> industry, I take it?

13 A. Yes.

14 Q. Can you give a brief outline of how  
15 long Newfoundland has had a fresh fish industry?

16 A. Fisheries Products Limited commenced  
17 functioning as a frozen fish firm in 1944, about  
18 11 years ago. Up to three years ago we had three  
19 plants actually operating and in the past two  
20 years two more plants operating, and the two years  
21 following new expansion has taken place.

22 Q. Were there any companies in this  
23 operation prior to 1944?

24 A. I think there were two companies  
25 operating on a very small scale.

26 Q. What was the total production of  
27 fresh fish, frozen fish, in Newfoundland last  
28 year?

29 A. I cannot give the figures accurately  
30 and I have not access to the total; but I think  
it would be reasonably correct to say it was





1 51,000,000 pounds.

2 Q. What amount of that did your company  
3 produce?

4 A. We produced 17,700,000 pounds, or about  
5 33% of the total.

6 Q. Where has been your market for this  
7 fish?

8 A. Up to 1954, about September of 1954,  
9 the market was wholly in the United States. From  
10 September, 1954, we opened sales offices in Toronto  
11 and Montreal. This year, of a possible production  
12 of 21,000,000 to 22,000,000 pounds, we expect to  
13 sell in Canada about three to four million pounds.  
14 The balance will be sold in the United States.

15 Q. And the future, Mr. Eaton, have you  
16 any plans for the Canadian market in the future?

17 A. Well, the Canadian market can be  
18 expanded tremendously and we propose to take part  
19 in that expansion. We are aiming at about 25%  
20 of our production going into the Canadian market  
21 and the balance to the United States.

22 Q. Is the United States market saturated  
23 now?

24 A. No, I wouldn't say the United States  
25 market is saturated, that is a pretty broad state-  
26 ment; but I would say the competition in the  
27 United States market from European countries is  
28 extremely keen right at the present moment.

29 Q. And I understand that is your only  
30 outlet?





1 A. Other than Canada.

2 Q. Now, sticking to your American produc-  
3 tion for a moment. Where do you ship your goods  
4 to from Newfoundland for the American market?

5 A. For the American market our sales  
6 areas are situated in the Middle West, centred on  
7 Cleveland, Ohio, and our sales area fans out from  
8 there. Our main distribution is done from that  
9 area and during the summer months when navigation  
10 is open on the Great Lakes the bulk of this fish  
11 is transported to Buffalo, Cleveland or Detroit for  
12 the American market, with some going to Providence,  
13 Rhode Island.

14 Q. How do you get to these distribution  
15 centres?

16 A. By the Great Lakes. We ship by the  
17 M/V Dundee, owned by the Newfoundland Great Lakes;  
18 and to Providence we ship in our own ships, owned  
19 by a wholly owned subsidiary, the Blue Water Shipping.

20 Q. This motor vessel Dundee, I understand,  
21 is a British registered vessel operated by New-  
22 foundland Great Lakes?

23 A. That is right.

24 Q. When did you make the agreement with  
25 that company, your first agreement?

26 A. Due to our expansion programme, which  
27 was being formulated in 1953, we were looking for  
28 additional transportation facilities to supplement  
29 our own Blue Water Shipping Company and we looked  
30 in the Canadian markets for vessels to carry, <sup>the necessary fish</sup> but







there were none available.

1 Q. None available at all?

2 A. None available for this trade between  
3 Newfoundland and the Great Lakes ports. The  
4 Newfoundland Great Lakes then, under some agreement  
5 with which I am not familiar, were having a vessel  
6 built in the British Isles. An agreement was  
7 reached whereby we would contract for a period of  
8 five years for the refrigeration space in that  
9 vessel, and that refrigeration space was to be built  
10 to our specifications and to carry a total of  
11 1,200,000 pounds of frozen fillets per trip.  
12 In addition to that provision was made in the  
13 agreement reached with the Newfoundland Great Lakes  
14 for the installation of tankage, two tanks, one  
15 stainless steel and one steel, for the carriage of  
16 fish solubles and fish oils to both the Canadian  
17 market and to the American market. In addition to  
18 that there is provision in the contract for trans-  
19 portation of fish meal, which is a direct by-  
20 product.

21 Q. Does the Dundee unload at St. John's  
22 or other ports?

23 A. The Dundee, in so far as we are con-  
24 cerned, does not load at St. John's as we have no  
25 plant here. In our agreement with the Newfoundland  
26 Great Lakes the Dundee must call at three  
27 Newfoundland ports and discharge at three ports  
28 in the Great Lakes, two on the American side and  
29 one on the Canadian side.  
30





1 Q. Can you give the percentage of your  
2 production carried by the Dundee in 1954?

3 A. In 1954 the Dundee carried very close  
4 to seven million pounds of our total production of  
5 seventeen million pounds. She was to have carried  
6 fifteen million pounds but due to mechanical  
7 troubles she had to be pulled out of service for  
8 the winter. That service would have been provided  
9 from our southwest coast plants to Providence.  
10 That trouble has been rectified and that service  
11 will take place this winter.

12 Q. I understand from your evidence she  
13 operates in the winter to the Atlantic Seaboard?

14 A. To Providence in Rhode Island.

15 Q. Now, you mentioned earlier in your  
16 evidence, Mr. Eaton, that you were erecting two  
17 plants in this area and an additional three after  
18 this year. Have you made any arrangements for the  
19 additional transportation which will be required?

20 A. We have not completed any arrangements  
21 up to the present time. As far as we know, and we  
22 have done a certain amount of research on that -  
23 I have not done it myself but it has been done by  
24 the company and I am not familiar with all the  
25 details of it - but there are no Canadian vessels  
26 available for the transportation of refrigerated  
27 cargo from Newfoundland ports to the Great Lakes,  
28 except those which are owned by fish processing  
29 firms in Newfoundland who have wholly owned  
30 subsidiary companies, such as Blue Water Shipping





1 in our case and Blue Peter Steamships: in the case  
2 of Joe Miller.

3 Q. Have you any information or any figures  
4 on the operating costs of shipping on your own  
5 subsidiary line as compared to the cost of shipping  
6 on the Dundee?

7 A. Yes. The Blue Water ships, which are  
8 owned, as I mentioned earlier, by Fisheries  
9 Products Limited, these vessels were purchased  
10 from War Assets at a very small capital outlay.  
11 They were converted for refrigeration transportation  
12 and we have been operating these vessels since  
13 1947. To-day, with the low depreciation rate  
14 on these vessels, and keeping them operating pretty  
15 well at full time, in so far as we are able to,  
16 the actual cost of operating these vessels is  
17 approximately 30% to 35% higher than the freight  
18 rates that we have contracted for with the M/V  
19 Dundee.

20 Q. What would be the effect to your  
21 company if British ships, or specifically at the  
22 present time the Dundee, was unable to sail into  
23 the Great Lakes?

24 A. Well, if any of these -- if the Dundee  
25 were unable to sail into the Great Lakes we could  
26 transport to Canada via Halifax and Montreal and  
27 the cost of so doing -- Well, we just wouldn't  
28 be interested in shipping to Montreal and Toronto,  
29 the rate would be prohibitive for us to compete  
30 in the Canadian market.







1 Q. How would it affect your American sales  
2 market?

3 A. It would affect our American sales  
4 market in so far as the availability of shipping  
5 space is concerned. You must remember there is no  
6 Canadian service available to do this job, unless  
7 it is provided by our own ships. That is where  
8 the M/V Dundee has come into this thing, they are  
9 prepared to provide a service over a long period,  
10 five years, to the United States, and we cannot  
11 get that service ourselves, as far as we know.

12 THE CHAIRMAN: There is no implication that  
13 service by the Dundee would in any way be affected?

14 MR. HUNT: The witness did give evidence  
15 that they attempted to get transportation on the  
16 mainland, Canada, and they had no success. The  
17 Dundee we assume, and evidence will be brought out  
18 later, could not be brought on this trade alone.  
19 It is a Canadian coaster on British register,  
20 owned by Newfoundland Great Lakes. The company  
21 will give evidence to that effect, Mr. Chairman.

22 MR. GERIN-LAJOIE: No questions, Mr. Chairman.

23 COMMISSIONER WICKWIRE: Q. How do you  
24 supply your Cleveland area market in the winter?

25 A. Via direct transportation through our  
26 plants to Providence and by truck from Providence  
27 to that area, by refrigerated truck.

28 Q. By truck. That would be considerably  
29 more costly than the other method?

30 A. Oh, yes, and it is not only more





1 costly but you also have, from the point of view  
2 of straight transportation, you have the additional  
3 handling. Also, when frozen products are moved in  
4 and out of refrigeration there are constant  
5 temperature changes which cause dehydration.

6 Q. Have you any spoilage?

7 A. Very little, actually.

8 THE CHAIRMAN: Thank you.

9  
10 ---The witness withdraws.

11 MR. HUNT: Mr. Spencer Lake.

12  
13 \_\_\_\_\_  
14  
15 SPENCER GRAHAM LAKE, called.

16 MR. HUNT: In explanation, this is a very  
17 short witness, Mr. Chairman, in support of the  
18 fresh fish industry.

19 Q. Your occupation, Mr. Lake?

20 A. I am managing director of a company  
21 called Gaultois Fisheries and Burgeo Fish  
22 Industries, Limited.

23 Q. Those two companies have plants, I  
24 understand, on the south coast of Newfoundland  
25 and produce frozen fresh fish fillets?

26 A. Yes, that is right.

27 Q. What is their total production per  
28 year?

29 A. Oh, approximately twelve million  
30 pounds.





1 Q. Where are they sold now?

2 A. 95% in the United States and 5%, the  
3 balance, in Canada, the remainder in Canada.

4 Q. When was the Canadian market started?

5 A. About, oh, the summer of 1954.

6 Q. Are you a member of any association  
7 of fish producers?

8 A. Yes, our local association, the  
9 Newfoundland Fish Trades Association.

10 Q. Have you any position in that  
11 association in relation to the fresh fish industry?

12 A. Yes, I am vice-president.

13 Q. Of the fresh fish side of that  
14 association?

15 A. Yes.

16 Q. Can you speak for your companies and  
17 the members of the association as to their intentions  
18 in the Canadian market, if any?

19 A. Well, I think everybody in industry is  
20 trying to develop the Canadian market. There is  
21 quite a potential market there and everybody  
22 would like to get their foot in the door, so to  
23 speak.

24 Q. What is the feeling of the industry  
25 as regards restrictions on British vessels in the  
26 Canadian coastal trade in Newfoundland to the  
27 Great Lakes?

28 A. Speaking for ourselves, our own  
29 companies, we now use Canadian ships but there is  
30 only one company operating locally, an independent







1 company, and if it does not survive we are going to  
2 be in a bit of a spot if we cannot get outside  
3 boats. The industry is expanding all the time  
4 and they can only just look after the present  
5 production.

6 Q. The members of this association - if  
7 I could lead again, Mr. Chairman, to save time -  
8 are all fish producers in Newfoundland, except the  
9 Fisheries Products Limited, members of that  
10 association?

11 A. Yes, that is right.

12 Q. What is your stand on the restriction  
13 of British shipping?

14 A. Well, they all feel about the same way.

15 MR. GERIN-LAJOIE: Q. Mr. Lake, did I  
16 understand you to say that your company uses  
17 Canadian ships for transportation through the St.  
18 Lawrence River?

19 A. No, I didn't say that. 95% of our  
20 production goes to the United States of America.

21 Q. Through the Atlantic?

22 A. Yes.

23 Q. Or, the St. Lawrence?

24 A. Through the Atlantic.

25 Q. And the other 5% goes to mainland  
26 Canada?

27 A. That is right, by C.N.R.

28 Q. Are you concerned mainly with inter-  
29 national trade and very little with coasting  
30 trade?





1           A.     At the present time, but we anticipate  
2 in the near future we will have to be interested  
3 in Canadian trade.

4           Q.     That is all.

5  
6 ---The witness withdraws.

7           MR. HUNT:   A.H. Crosbie.  
8  
9

10  
11                   ALEXANDER H. CROSBIE, called.

12           MR. HUNT:   Q.   Your occupation, Mr. Crosbie?

13           A.     I am a director of Murray Agencies,  
14 a transportation company here in St. John's.

15           Q.     I understand they are the local agents  
16 for Canadian Constantine Service?

17           A.     That is right.

18           Q.     What vessels do Canadian Constantine  
19 Services operate?

20           A.     At the present time the Avonwood and  
21 Teeswood.

22           Q.     What capacity are they?

23           A.     The Avonwood has a capacity of  
24 approximately 120,000 cubic feet; and the Teeswood,  
25 50,000 cubic feet.

26           Q.     Where do they operate from, and during  
27 what months?

28           A.     They operate through the open season  
29 of navigation from Hamilton, Toronto, Montreal,  
30 St. John's and Cornerbrook, and they go around





1 in a circle in that way during the season. They  
2 do at times take special cargoes at outside ports,  
3 such as cement westbound to Windsor and Detroit.

4 Q. Can you give tonnages carried by that  
5 line for the last few years?

6 A. I have not my notes to-night. I did  
7 not realize I would be on the stand to-night and  
8 did not bring them. However, in 1953, our first  
9 year of operation, we carried approximately  
10 11,700 tons. In 1954 we increased that by 44%  
11 and, up to date, the equivalent number of voyages,  
12 compared to the equivalent number of voyages last  
13 year, we have increased it again an additional  
14 35% over 1954.

15 Q. Are those vessels you operate built  
16 for the cargo trade or are they surplus from  
17 the war?

18 A. As far as I know and understand they  
19 were originally built for the cargo trade, and  
20 that is what they are used for. They have the  
21 normal tween decks for package freight. They  
22 were used originally in the English and  
23 Mediterranean trade for general cargo.

24 Q. Have you at any time approached the  
25 Canadian National Railways to receive freight  
26 from them, either out of Montreal in the summer  
27 or Halifax in the winter?

28 A. We are only local agents of Con-  
29 stantine, which is an English company. At the  
30 time Constantine came into <sup>the</sup> Newfoundland trade







1 we built wharves and warehouses so that they could  
2 come into St. John's. They were unable to locate  
3 at any of the other established steamship premises  
4 at that time. We built them at a cost of \$200,000.  
5 Our primary concern, once we had built these  
6 steamship premises, was to maintain them on a year-  
7 round basis. Doing business with Constantines we  
8 can only use them during the open period of  
9 navigation. During the winter months our sheds  
10 are empty and we face the necessity and expense of  
11 carrying our staff for a twelve-month period, we  
12 lay no one off in the winter months. Consequently,  
13 we have been extremely anxious to obtain business  
14 during these winter months. On my own authority  
15 I have approached the C.N.R. and asked the C.N.R.  
16 why our firm could not participate in their through  
17 railway bills. I originally addressed this letter  
18 to the local C.N.R. management. I received no reply  
19 and sent it to Ottawa to a member of the Federal  
20 Cabinet. I later saw the Federal Cabinet member  
21 who showed me -- at least, he held in his hand a  
22 private and confidential letter from Donald Gordon,  
23 the president of the C.N.R., in which they simply  
24 stated --

25 THE CHAIRMAN: No.

26 MR. HUNT: The witness will not state any  
27 contents of the letter.

28 THE CHAIRMAN: He is starting to state them.

29 MR. HUNT: I have gone through his evidence  
30 with him and he will not state the contents of the





1 letter.

2 THE CHAIRMAN: Those were his words.

3 THE WITNESS: The Minister explained to me  
4 he had a confidential and private letter and he  
5 simply stated that he could not reveal to me the  
6 contents of that letter, beyond telling me they  
7 would not extend participation to our firm.

8 MR. HUNT: Q. Did he let you see the letter?

9 A. No.

10 Q. When was that, Mr. Crosbie?

11 A. That was during the summer of 1954.

12 Q. What agencies can you obtain freight  
13 from in the winter, originating in Central Canada?

14 A. There are no agencies available that  
15 we can obtain. We would have to have tie-ins  
16 with some company that had rail participation from  
17 the C.N.R. at Halifax.

18 Q. For freight from Saint John, New  
19 Brunswick.

20 MR. MUNDELL: Q. Mr. Crosbie, one or two  
21 questions. Do you publish your tariff of rates?

22 A. I never thought of that until it came  
23 up here yesterday at the hearings. We do publish  
24 our class tariffs out of Ontario points - Hamilton,  
25 Toronto - and I had those with me but, as I say,  
26 I did not realize I would be on the stand to-night.  
27 Out of Hamilton and Toronto.

28 Q. What about the rates from Montreal  
29 east, do you publish those?

30 A. As far as I know, we do not publish





rates out of Montreal because our primary business is based on the Great Lakes. Our boats, in actual fact, fully loaded, could not get through the canals.

Q. What tonnage can they take through the canals?

A. I will say this, they can draw 16 feet fully loaded and the canal draught is 14 feet so they come back loaded with 14 foot draught and top up at Montreal.

Q. What percentage would that be that they top up?

A. I wouldn't know offhand without my figures. I would say possibly, maybe as high as 15%.

Q. And you do not publish rates below Montreal?

A. We have a tariff but I have not, like I have for the lakes, I have dozens of copies of our lake tariff but so far as I know we only have two or three copies mimeographed of the Montreal-St. John's tariff.

Q. With regard to this so-called conference, are you a member of that group?

A. No.

Q. Do you know anything about it? Is there a so-called conference?

A. As far as I know, from looking at railway tariffs, they refer to the Associated Steamship Lines and name on their tariff various







1 members of the Associated Steamship Lines. To the  
2 best of our knowledge we are not permitted in any  
3 way to be treated as an Associated Steamship Line.

4 Q. You do not know how to become one?

5 A. We would like to be one very much; I  
6 would, as a local agent. We could keep our business  
7 going twelve months a year instead of seven or  
8 eight months. I am told if we did not compete we  
9 perhaps would have that privilege.

10 Q. Are your rates below Montreal the  
11 conference rates?

12 A. Offhand, as far as I know, they would  
13 be just about the same as Clarke Steamships, the  
14 one you naturally think of. I don't think they  
15 would be very much different - I can think of one  
16 rate which is actually higher. Their rate for  
17 sugar is 55 and ours is 77. Some of our other  
18 rates are lower.

19 Q. You have, I understand, only two  
20 vessels?

21 A. That is correct.

22 Q. And they are engaged, I gather,  
23 strictly in coasting trade and that is all? No,  
24 you trade to Cleveland from here?

25 A. No, we do go into some American ports  
26 with Newfoundland cement and Newfoundland wall-  
27 board. One of our boats was mentioned by Dr.  
28 Leja.

29 Q. Would that be any large proportion of  
30 your cargo?





1 A. Yes. Westbound out of Newfoundland I  
2 think possibly we will take this year twelve to  
3 fourteen thousand tons of Newfoundland cement.

4 Q. You carry this cargo to the States only  
5 through the Great Lakes?

6 A. Yes.

7 Q. Only through the Great Lakes?

8 A. Yes.

9 Q. What difference would it make to the  
10 operation of your ships if, in order to carry on  
11 the business you are now carrying on, you were  
12 required to have them registered in Canada?

13 A. Well, again, I must explain, I am the  
14 local agent and I am not party to the cost of  
15 operating these British ships; but from what I can  
16 see or observe, definitely the cost must go up.  
17 The cost of operating Canadian ships is higher  
18 than the operating costs of British ships. That  
19 difference is largely, I would think, a comparison  
20 of wage rates between Canadian and British ships,  
21 and the cost of loading and discharging are all  
22 equivalent.

23 Q. Where are your crews recruited?

24 A. They are British crews; U.K. crews.

25 Q. How long do they remain here at one  
26 engagement?

27 A. I think by the time they leave New-  
28 foundland and go back it should be something like  
29 eight to nine months.

30 Q. They sign on for that time?





1 A. As far as I know.

2 Q. That, I think, is all.

3 MR. SIMARD: May I be permitted to ask one  
4 question?

5 Q. This is a question I asked before  
6 without obtaining an answer, I think, from what I  
7 heard: Can you tell me if the westbound cargoes  
8 are on the same basis as the inbound cargoes?

9 A. On freight rates?

10 Q. Yes, on your own company, for instance?

11 A. No, I can't.

12 Q. For the same type of cargo?

13 A. No. Most of the cargo we bring in is  
14 a totally different type of cargo from what we  
15 take out.

16 Q. Yes, but if you have the same type of  
17 cargo are the outbound rates on the same basis as  
18 the inbound rates, or are they different, and  
19 what difference?

20 A. I haven't it because we have not got  
21 that tariff. Most of the things we bring in are  
22 consumer goods; most of the things we take out are  
23 trip charters, such as cement or fish meal.

24 Q. Have you something like cement that  
25 you bring in here?

26 A. No.

27 Q. There is no cargo that you could,  
28 for comparison, to bring light to --

29 A. You have margarine oil, we bring that  
30 in in full drums and we take that out empty drums.







1 Q. Do not you send cod liver oil in drums?

2 A. Out?

3 Q. Yes?

4 A. Yes, we take small amounts, usually  
5 10 or 15 drums.

6 Q. Could not you compare one drum of one  
7 type with a drum of another type?

8 A. They are about the same rate for full  
9 drums.

10 (Page 811 follows)





Q. They are rated on the same basis, the outbound and the inbound?

A. Yes. Inbound margarine comes in, I think, at \$1.10 a hundred pounds, and the outbound drum, where the drum is taking up space, \$1.30.

Q. That is, \$1.10 inbound and \$1.30 outbound?

A. Yes.

Q. The empty drum \$1.30?

THE CHAIRMAN: It takes up the same space but weighs less.

MR. SIMARD: Q. Is it \$1.30 per volume or weight?

A. Per weight.

Q. On the cod liver oil -- I do not want to delay you too much -- that you export or send to the mainland, as compared to a drum of oil that you import, to have something to base our comparison on?

A. I think the rate is about the same, within five or ten cents. I haven't got it here.

Q. Can you supply the Commission with that information?

A. Oh, I could find that out, yes.

THE CHAIRMAN: Q. Now, Mr. Crosby, you spoke of these British seamen being on this side of the water for eight to nine months, and at the same time you also spoke of your attempts to get winter freight for your ships, which would entail the British seamen being here for the whole twelve months of the year. Would you care to express an





opinion as to how long the British seamen would continue on British wages when they were in Canada for twelve months of the year?

A. You realize, it would only be a personal opinion, Mr. Chairman?

Q. Yes, of a person dealing with shipping.

A. I think it would be a very realistic problem to expect them -- I think the parent company would be faced with changing the crews, either flying them out, something of that nature. I could not see them staying out, say, twelve months. But, I might add, Mr. Chairman, that the British seaman's attitude I think is different to ours. He is more used to a tradition of long-term service on ships in foreign ports.

Q. I was thinking of them being in contact in the port in which they arrive with Canadian seamen on a higher wage scale. How long is that going to continue? If they are only signed on for eight or nine months in Canadian waters and the rest of the time they are in the Suez district, that is a different thing; but if they are here twelve months of the year, year after year, and they are elbow to elbow with Canadian seamen who are getting higher wages, would the situation continue?

A. I agree with you, Mr. Chairman.

Q. This wage situation has perhaps been over-emphasized. Thank you, very much.

---The witness withdrew.

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... Thank you.

... withdraw.





1 THE CHAIRMAN: Yes, Mr. Hunt?

2 MR. HUNT: J. A. Crosbie, Mr. Chairman.

3  
4 CHESLEY A. CROSBIE, called

5 MR. HUNT: Q. Your name in full, please, sir?

6 A. Chesley A. Crosbie.

7 Q. And you are, I understand, the  
8 President of Chimo Shipping Limited?

9 A. Yes.

10 Q. What is Chimo Shipping Limited, Mr.  
11 Crosbie?

12 A. Chimo Shipping Limited is a company  
13 that is incorporated federally to operate coastal  
14 trade from Montreal to northern ports on Hudson Bay.  
15 It was incorporated in April of this year.

16 Q. Did you have experience in the shipping  
17 business prior to becoming President of this company?

18 A. I have had thirty years' experience in  
19 the shipping business. For a great many years we  
20 chartered Swedish ships, and Norwegian ships and  
21 British ships that trade in the West Indies and  
22 Brazil. We also operated a coastal service here  
23 in Newfoundland. I have made voyages on four or  
24 five occasions as supercargo to the West Indies  
25 and I have also stevedored here in St. John's.

26 Q. And this shipping business has  
27 always operated here in St. John's, Newfoundland?

28 A. Yes, that is correct.

29 Q. You say the Chimo Shipping Limited  
30





does business with Labrador and Hudson Bay?

A. We operate a service from Montreal to Goose Bay; it goes out from Montreal to St. Anthony, Cartwright, North West River and Goose Bay. We run a scheduled service from Montreal to Goose and our tariff rates are published. North of Goose we run ships to Frobisher and into the Hudson Bay. Those are not scheduled operations. Our operations are only scheduled as far as Goose.

Q. Now, do you own ships or charter them?

A. We both own and charter.

Q. How many Canadian ships are you operating now?

A. At the present time we are operating five Canadian ships.

Q. What are their names, if you please?

A. Ste. Adresse, The Teranova, Arctic Crawler, Glenwood and Placentia.

Q. And their tonnages, have you approximate tonnages on them?

A. The Ste. Adresse, I am talking about cargo and passenger, her cube is 69,000 feet bare; the Glenwood, 15,000; the Placentia, 13,500; the Teranova, 17,000. I am only interested in their bare capacity, in other words, what they carry.

Q. How many English ships do you operate?

A. At the present time three.

Q. And their names and capacities?

A. The Teal, 61,285; Laverock, 100,000

1908

Mr. Green, in the morning, 1911



cubes; the Ardglen, 63,000.

1 Q. Approximately what tonnage would they  
2 carry for the record, Mr. Crosbie?

3 A. The three English ships, between a  
4 thousand and twelve hundred tons, depending on the  
5 nature of the cargo, if you are carrying dead weight  
6 cargo. The Ste. Adresse, Glenwood and Teal can carry  
7 roughly 1,350 tons.

8 Q. How about the tonnage of the smaller  
9 ships, or the ton capacity of the Canadian ships?

10 A. The Teranova is about 350, the Placentia  
11 about 325 and the Glenwood about the same as the  
12 Placentia.

13 Q. Have you any knowledge of the operating  
14 costs of these vessels?

15 A. No, I have no knowledge of the operat-  
16 ing costs of these vessels because we charter these  
17 vessels at a rate per day, we are not the owners.

18 Q. Can you give evidence on the rate that  
19 you pay for them per day?

20 A. We pay for the Teranova \$325, the  
21 Placentia \$265, the Ste. Adresse \$580 and the  
22 Glenwood \$275 per day, plus the cost of fuel. We  
23 pay for the fuel.

24 Q. And the English vessels?

25 A. The Teal, \$625; the Laverock, \$575;  
26 and the Ardglen, \$580.

27 Q. Have you any comment on which is more  
28 desirable?

29 A. Well, when we originally started this  
30







1 trade north we used all Canadian ships, particularly  
2 ships that were here in Newfoundland, but the last  
3 three years the trade has developed and we found these  
4 ships were not satisfactory, they were not large  
5 enough, their holds were not suitable. In many  
6 cases you lost a tier of casks only because of the  
7 way they were built, and we found generally that  
8 they were not economical for the business that we  
9 had so we then turned to British ships. We figure,  
10 roughly, it costs us 50 to 60 cents per ton charter  
11 time per day on a British ship and on a Canadian  
12 ship approximately one dollar.

13 Q. Do you know if there are any  
14 Canadian ships available of the size of the British  
15 vessels chartered?

16 A. Well, we haven't been able to find  
17 them.

18 Q. What time of the year do these  
19 British ships come out?

20 A. We usually bring one ship out in  
21 May, the reason for that is we want her here for  
22 when the transportation opens for Goose, which is  
23 normally the first or second week in June, so we  
24 want her here ready to be loaded as soon as Goose  
25 opens. The other two British ships, we generally  
26 bring one out in June and one out in July. The  
27 reason for that is we do not start to trade north,  
28 particularly to Hudson Bay until that time and,  
29 we use these ships in Frobisher and the northern  
30 ports, north of Goose. We cannot get into Hudson





1 Bay until the middle of July, and that is where we  
2 use these ships, north of Frobisher.

3 Q. So you have these ships here before the  
4 ports in which you are going to use them are open?

5 A. Yes.

6 Q. Why do you do that, Mr. Crosbie?

7 A. Well, it isn't too easy to get British  
8 ships, you can't get them out here for a month or two.  
9 Our contract with the Ardglen is for six months and  
10 unless we contracted for six months we couldn't get  
11 her over to this side.

12 Q. Do you use her in any other trade?

13 A. We are using her this year up the lakes,  
14 and occasionally have used her between Montreal and  
15 Seven Islands.

16 Q. Would canal-type lake boats be suitable  
17 for the work you are doing in the north?

18 A. My personal opinion is no. When you  
19 get north of Cape Chidley into Frobisher, Coral  
20 Island and Hudson Bay it is entirely different water  
21 to what these boats were built for and what they are  
22 capable of operating in. Many places we have to  
23 discharge overside and put the cargo, land it above  
24 tide water, because many of these places we go to  
25 there are no piers or wharves of any kind.

26 Q. I beg your pardon?

27 A. Many of the places we are in there are  
28 no piers or wharves of any kind.

29 Q. Who unloads the vessels there?

30 A. We do.





1 Q. Is that at the ---

2 A. At the destination we are responsible  
3 to put the cargo ashore above tide water, that is  
4 our contract.

5 Q. And the crews on these ships, do they  
6 do the work?

7 A. Yes, the crews of all these ships, the  
8 contract we have with the English and Canadian ships,  
9 when they work at cargo in port they are paid the  
10 Canadian rate of wage applying to that port in which  
11 they are working. That applies both to the English  
12 and Canadian sailors.

13 Q. As to their actual wages as sailors  
14 have you any information on that?

15 A. As far as I know there is, in many  
16 cases, quite a difference in the rate of wages paid  
17 the British ships and the rate of pay paid the  
18 Canadian ships. On the other hand, I do not agree  
19 with the argument that it is the rate of wages  
20 putting the Canadian ship out of the market. One  
21 of the big factors today is the capital cost of the  
22 Canadian ship and the capital cost of the British  
23 ships, and you have larger depreciation on the  
24 Canadian ship and you have larger insurance to  
25 carry, all of which increases the cost of operating  
26 that ship. Actually I don't know, I have never made  
27 a comparison, but I think if you took the Canadian  
28 wages, the average of these coastal boats, of the  
29 same size as the English ships, I don't think  
30 anybody could say it is the wages that makes all







1 the difference in the cost of the operating of the  
2 boat.

3 Q. Have you any knowledge of the position  
4 of the operations in Northern Newfoundland, Labrador  
5 and Hudson Bay if British ships could not sail there  
6 from the Great Lakes or Montreal?

7 A. We are in this position now that we are  
8 today trying to obtain a ship of 3,000 tons for the  
9 Hudson Bay and I am also looking for another ship of  
10 1,200 tons for Hudson; we haven't been able to find  
11 them in the Canadian market and we haven't been  
12 successful in finding one in the United Kingdom  
13 market, either, at the present time.

14 Q. What would be the result to your company  
15 if the Canadian ships -- if the trade to Northern  
16 Newfoundland, Labrador and Hudson Bay were restricted  
17 to Canadian vessels, would your company operate?

18 A. Definitely not efficiently. I doubt  
19 very much whether we could move the cargo we have to  
20 move.

21 Q. When you say "not efficiently", do you  
22 mean not without higher rates?

23 A. Your boats would be smaller and your  
24 costs would be much higher. I doubt very much  
25 that the Canadian boats available at the moment  
26 could move the cargo we moved last year or want to  
27 move this year. Last year we moved roughly 11,900  
28 tons north of Goose, and that included Coral Island,  
29 Frobisher, Hudson Bay and Chesterfield Inlet, and  
30 Baker Lake. In Chesterfield Inlet and Baker Lake





1 you can only go in in a certain size ship with a  
2 certain draught, and quite a few of the smaller  
3 Canadian vessels, although they carry less cargo,  
4 have quite a heavy draught, they are not flat-  
5 bottom boats and they draw more than some of the  
6 larger British ships draw on the whole. We did  
7 carry to Goose 7,000 tons last year. This year  
8 that cargo will be increased tremendously and I  
9 would say 50 per cent is Defence cargo and the  
10 balance is cargo that would be going in there year  
11 after year. As the north develops we carry a lot  
12 of freight for different mines and different  
13 firms.

14 Q. Could you give the total cargo to  
15 all points?

16 A. Last year?

17 Q. Yes.

18 A. We carried roughly 19,000 tons.

19 Q. If you could break it up into the  
20 three areas, Northern Newfoundland, ---

21 A. 6,000 to Goose, between Montreal  
22 and Goose, and approximately 13,000 north of Goose  
23 to Hudson Bay and Frobisher and all these other  
24 places.

25 Q. If you could inform the Commissioners  
26 whether, in your opinion, you consider it feasible  
27 to build or buy and operate Canadian ships in  
28 replacement of the British?

29 A. Well, we made quite a few inquiries  
30 in the last six months. As a matter of fact, we





1 have some quotations, we have prices from English  
2 firms and we have some prices from Canadian firms.  
3 Our full plans are not worked out, but the Canadian  
4 price quoted, as far as building is concerned, is  
5 definitely higher than we can build in Great Britain,  
6 I would judge by about 25 per cent. We are still  
7 working on this and trying to get more ships.  
8 Certainly the Canadians can build ships, it would  
9 be foolish to say they can't, they can, and as I say  
10 the thing I believe, as far as Canada is concerned,  
11 that the shipping industry has got to be subsidized.  
12 I don't think it is fair to penalize certain parts  
13 of Canada, and in my case I am interested particularly  
14 in the northern part of Canada -- that is, Hudson Bay  
15 and Newfoundland, not only Newfoundland -- to  
16 penalize certain parts of Canada. As I see it, to  
17 subsidize the shipbuilding industry in Canada, I  
18 think the subsidy should come directly from the  
19 Federal Government. It is my feeling, and I do not  
20 think it is an unreasonable one, as a Canadian I  
21 would love to own Canadian ships and operate them.  
22 Another thing I do not agree with is, as an  
23 operator, I have no objection to paying a seaman  
24 overtime when he is in port but when a ship is at  
25 and sea, she has to make a voyage of two weeks, or it  
26 may be for a month, and you have to pay the sailors  
27 for a 40-hour week, to me it doesn't make sense and  
28 I don't see how you can get a Canadian merchant  
29 marine and be able to compete with the Norwegians  
30 and Swedes. As I say, you have to subsidize things.







1 MR. GERIN LAJOIE: Q. Mr. Crosbie, can you  
2 clarify something for me: When you talk about  
3 British and English ships, do you talk about English-  
4 built and registered, or both?

5 A. English-built and registered, both.

6 Q. In your testimony I wondered if you  
7 meant both built and registered in U. K. and whether  
8 it meant the same thing?

9 A. Of course, it is the same thing, it is  
10 a British ship built in Britain.

11 Q. If I understand: If you were to buy  
12 a ship in Britain to operate it under the Canadian  
13 flag, don't you think your company could operate  
14 efficiently and move the cargo you have to move, let  
15 us say, this year?

16 A. Well, in answer to that, I think I  
17 would have to say no. My reason for saying this is  
18 we operated for five or six years a tanker, not  
19 very large, she carried about 1,500 tons, we  
20 operated that boat at a profit. The last year or  
21 so we got keen competition, particularly from the  
22 Germans, with the result last year, in January,  
23 I sold it. We were getting \$20 a ton for carrying  
24 certain cargo. The Germans cut it down to 15, 14,  
25 12 dollars. We just couldn't trade in competition  
26 with these other boats and the result is we had a  
27 thousand tons of oil to move just recently. We  
28 tried to get a Canadian ship to take it and we  
29 couldn't get one that size, it wasn't available.  
30 We applied to the Department of Transport to use a





1 German tanker. That tanker loaded in St. John's and  
2 also in Corner Brook and discharged in Toronto. We  
3 paid the duty on the valuation of the time of that  
4 tanker in Canada. Even paying that duty we could lay  
5 that oil down for \$11 a ton in Toronto, and I do not  
6 think a Canadian boat could take it.

7 Q. You are speaking of a German-built ship?

8 A. Yes, I am talking about a German-built  
9 ship.

10 Q. The situation would be different  
11 regarding duty if it had been a U. K.-built ship?

12 A. You wouldn't pay any duty because  
13 British ships are permitted to go coastwise.

14 Q. If you bought a ship in England and  
15 operated it in Canada under Canadian flag---

16 A. I doubt very much whether I would be  
17 able to compete with German ships.

18 Q. You talk about German competition,  
19 how do you have German competition in the coasting  
20 trade?

21 A. In the coasting trade I know -- What  
22 I do say is this: Our tanker could only be used in  
23 the coastal trade for four months of the year and  
24 after that we had to go outside and compete with the  
25 Germans and Norwegians, which we found it impossible  
26 to do under the Canadian flag.

27 Q. You say you have a number of Canadian  
28 ships and a number of British ships. The Canadian  
29 ships are operating only in <sup>the</sup> Canadian coasting trade,  
30 or are they also operating in the international trade





1 in the wintertime?

2 A. Unfortunately they can't trade in  
3 international trade anywhere.

4 Q. What about the British ships?

5 A. Their ships go back to their own home.

6 Q. And they do some other trade?

7 A. Yes, naturally.

8 Q. When you mentioned a cost of 60 cents a  
9 ton ---

10 A. 50 to 60 cents.

11 Q. ---for British ships and one dollar for  
12 Canadian ships do you take into account that the  
13 British ships operate elsewhere in the wintertime and  
14 the depreciation is allocated on the shipments for  
15 the whole year?

16 A. I think you will agree with me, I may  
17 be purely commercial, I am not concerned with what  
18 happens to them when they are clear of me. All I  
19 know I pay so much for a British ship and when I am  
20 through with it I am not a bit interested in the  
21 owners.

22 Q. You said a word about canallers or  
23 canal-type of ships?

24 A. That is right.

25 Q. Which would not be suitable in your  
26 judgment for the type of trip you make with your  
27 own ships?

28 A. Yes, I am speaking of north of Goose.

29 Q. Are you familiar with the type of  
30 canallers used at the present time in the St.

What is the cost of the ship?

It is about \$100,000 to build and equip.

Is there any other trade?

Yes, there is.

What you mentioned a cost of 60 cents

per ton

per ton of cargo.

What is the cost of the ship?

It is about \$100,000 to build and equip.

Is there any other trade?

Yes, there is.

What you mentioned a cost of 60 cents

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Is there any other trade?

Yes, there is.

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Is there any other trade?

Yes, there is.

What is the cost of the ship?

It is about \$100,000 to build and equip.

Is there any other trade?

Yes, there is.

What is the cost of the ship?

It is about \$100,000 to build and equip.

Is there any other trade?





1 Lawrence River, or any type of canallers we might  
2 have in the future?

3 A. No. I am speaking of the only  
4 canallers I know, the ones I saw in the St. Lawrence  
5 and the ones that came into Corner Brook during the  
6 war, the older ones.

7 Q. You have no idea the service the  
8 canallers could perform if they were built for the  
9 larger seaway that we are going to have?

10 A. I couldn't express an opinion on that.  
11 I would like to see a plan of the boats.

12 Q. Could you tell us why you still  
13 operate the Canadian ships if they cost you more than  
14 the British ships?

15 A. Yes, the Canadian ships I operate  
16 happen to be strengthened for ice. They can,  
17 therefore, get north earlier than those that are not  
18 ice strengthened. The British ships are not ice  
19 strengthened and we cannot put them into ice.

20 Q. The British ones you operate cannot  
21 do that?

22 A. They can't do that.

23 Q. Should I conclude from that certain  
24 types of Canadian ships are better suited and the  
25 question of price is not the only question to be  
26 taken into consideration?

27 A. I think you could take that for granted.

28 Q. Thank you, sir.

29 MR. SIMARD: If I might have one question.

30 Q. Could you give us an idea of the rates





1 from Montreal to different points up north, like  
2 Frobisher Bay, Chesterfield Inlet, Cartwright?

3 A. Frobisher Bay?

4 Q. General cargo?

5 A. Well, general cargo, the rate to  
6 Frobisher runs somewhere between \$40 and \$50 a ton,  
7 depending on the type of cargo.

8 Q. \$40 and \$50 a ton?

9 A. Yes, depending on the cargo.

10 Q. You do not know of any Canadian being  
11 interested to build ships to carry cargo to Frobisher  
12 Bay at \$40 or \$50 a ton?

13 A. I can tell you, my friend, that there  
14 are other people in the shipping business besides me  
15 and we tender on that business and we got that, so  
16 our price must be right or we wouldn't get it.  
17 Canadian firms have been competing against us.

18 Q. Isn't it true the main reason is  
19 because there isn't the cargo available right now  
20 in Canada?

21 A. That is true.

22 Q. No ships available for that trade and  
23 there isn't enough cargo to be taken up there to  
24 have more ships than there are now?

25 A. I tell you what the trouble is,  
26 I have gone completely into this thing, we are  
27 thinking of building two ships, but our problem  
28 is this: We can operate these Canadian ships in  
29 Canadian coastal waters during five or six months  
30 out of the year. We have had ships in Newfoundland,





1 We have had the Imogene, the Bioteck and the Ungava.  
2 They were all right for the seal fishing once. We  
3 have to put them outside Canadian waters for the  
4 balance of the year to compete in the inter-  
5 national market against British ships, Swedish,  
6 Finnish and Norwegians. You are finished, you  
7 just can't operate.

8 Q. Just one more thing I would like to  
9 mention here and bring to the attention of the  
10 Commission, that a young lawyer made his debut in  
11 this court. I would like to mention his name. He  
12 is Mr. John Crosbie, the son of the present witness.

13 THE CHAIRMAN: Of course, you are welcome,  
14 Mr. Crosbie. We have been pleased to hear Mr.  
15 Crosbie examining a witness. I think he was  
16 wrongly described as a student, he has finished his  
17 studies and he is now a lawyer.  
18 ---The witness withdraws.

19  
20 - - - - -  
21

22 THE CHAIRMAN: Have you any other witnesses?

23 MR. HUNT: We have one other witness who  
24 will be very short but, unfortunately, he was out  
25 of town at the time we adjourned for dinner and  
26 we have not been able to reach him by phone.

27 THE CHAIRMAN: Subject to that your sub-  
28 mission is completed?

29 MR. HUNT: Yes, Mr. Chairman.  
30







1  
2 THE CHAIRMAN: I think we are still pressed  
3 for time so I am forced to fix tomorrow morning at  
4 nine-thirty.

5 ---The hearing adjourned at 10:55 p.m.  
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ROYAL COMMISSION ON COASTING  
TRADE

VOL 2  
PART - B

NFLD

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INDEX TO VOLUME II - PART B

	<u>Page</u>
1	
2	
3 Submissions by the Government of Newfoundland	
4 continued	829
5 STEINHAUER, JAMES B.	829
6 HORWOOD, CYRIL	853
7 Submissions by Furness Withy Company Limited	856
8 REES, EDGAR P.	857
9	
10 Submissions by the Newfoundland-Great Lakes	
11 Steamships Company Limited	901
12 TREGENZA, CHARLES H.	907
13 Submission of the Committee on Newfoundland	
14 Coastal Shipping appointed by the Government	
15 of Newfoundland	956
16 YOUNG, ROSS	974
17 GRIEVE, JAMES	1022
18 HARVEY, RICHARD A.	1043
19 HAYES, ARCHIBALD	1064
20 Submission of the Joint Councils of Burin	
21 District	1076
22 HICKMAN, T. ALEXANDER	1076
23	
24	
25	
26	
27	
28	
29	
30	







VOLUME II - - PART B  
INDEX TO EXHIBITS

(11)

<u>No.</u>	<u>Page</u>	<u>Description</u>
25	832	Canadian charter form party, Montreal Shipping Company.
26	832	Canadian National Railway charter party form.
27	833	Igro charter party form.
28	833	Americanized Welsh charter.
29	952	Copy of British Commonwealth Merchant Shipping Agreement (1931).
30	975	Supplementary brief of Committee on Newfoundland Coastal Shipping.

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<p>1. The Board of Directors of the Corporation shall have the right to elect and remove the members of the Board of Directors.</p>	<p>10</p>	<p>10</p>
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WEDNESDAY, JULY 27, 1955

829

1 ---On resuming at 9.35 a.m.

2  
3 MR. HUNT: I will call James B. Steinhauer.

4  
5  
6  
7 JAMES B. STEINHAUER, called.

8 BY MR. HUNT:

9 Q. Your name in full, please?

10 A. James B. Steinhauer.

11 Q. Your occupation, sir, and business?

12 A. I am the managing director of the  
13 Newfoundland Coal Company.

14 Q. About how long have you been in the  
15 coal business?

16 A. Since 1933, 22 years.

17 Q. Prior to Confederation could you give the  
18 markets where you obtained coal and the shipping  
19 you used?

20 A. Prior to Confederation we imported two  
21 classes of coal, the first was bituminous coal.  
22 We imported practically all that from the United  
23 Kingdom and our gas coal or pure coking coal we  
24 brought in from the United States.

25 Q. What ships did you use?

26 A. The ships we used prior to the war were  
27 British bottoms mainly, Norwegian and Danish boats.  
28 They used to take apples back in those days  
29 generally.

30 Q. Was your market changed at any time





1 prior to Confederation?

2 A. Not perceptibly. We had not taken any  
3 soft coal till about the time of year ---

4 Q. At the beginning of the year?

5 A. Yes.

6 Q. After the war did that change?

7 A. After the war the supply, of course,  
8 in the United Kingdom does not exist any more and  
9 we have been importing up until April of last year,  
10 1954 -- since the war we are now importing  
11 exclusively from the Dominion Coal Company in  
12 Sydney.

13 Q. What bottoms did you use?

14 A. We used mainly British and some  
15 Norwegian and some Canadian bottoms.

16 Q. I understand you are restricted to  
17 Canadian bottoms from Sydney or British bottoms?

18 A. Either British, United Kingdom boats,  
19 or our Canadian boats.

20 Q. What is the difference in cost of  
21 bringing coal in by Canadian vessels and by  
22 British vessels?

23 A. Well, the difference can be -- is on  
24 the terms of charter.

25 Q. What is the rate per ton on the  
26 British vessels?

27 A. At the present time we have not had  
28 any from Sydney since the Ardglen, that was in  
29 July. Earlier this month we paid \$3, Canadian  
30 boats.







1 Q. What is the rate on the Canadian  
2 vessels?

3 A. We have not been able to get any  
4 Canadian vessels. The freight market right now  
5 is rather stiff.

6 Q. Have you had any Canadian charter  
7 parties?

8 A. Yes, we have in the past. We used to  
9 use Canadian bottoms mainly through the Montreal  
10 Shipping Company.

11 Q. What difference did you find in the  
12 cost?

13 A. Well, the freight rate, of course, had  
14 to be more or less competitive. In other words,  
15 if the Canadian companies did not meet the  
16 British bottoms' rates we would not charter boats  
17 and they met the rate but they usually altered the  
18 charter parties. It really meant an increase in  
19 freight rates as far as we are concerned.

20 Q. Would you repeat that?

21 A. I said the rate, of course, had to be  
22 competitive, otherwise we would not charter  
23 Canadian bottoms, but in so doing they altered  
24 the wording of the charter parties in such a way  
25 that it really meant that we would be paying a  
26 higher rate. It cost us more money to get our  
27 coal in through Canadian boats than British  
28 boats.

29 Q. The records show that?

30 A. We have different charter parties.





1 There is mainly three types of charter parties. One  
2 is the "Igros" form which is used by British and  
3 American, and we have the American Welsh  
4 charter which is used mainly by British owners,  
5 and we have the Canadian form charter which we  
6 get from the Canadian National Railways and the  
7 Montreal Shipping Company.

8 Q. What do your records show in so far as  
9 expenses under these various charter parties?

10 A. We figure our total freight cost  
11 under the Canadian charter party is about 25¢ a  
12 ton more than under the Igros form charter party.  
13 It is about 50¢ a ton more than under the  
14 Americanized Welsh charter.

15 MR. HUNT: Mr. Chairman, with your permission  
16 I will put the various charter parties in and  
17 identify them. We can comment on them later and  
18 develop it in argument.

19 Q. Can you identify that?

20 A. This is the Canadian form charter.

21 ---EXHIBIT NO. 25: Canadian charter form party,  
22 Montreal Shipping Company.

23 MR. HUNT: Q. Do you identify that?

24 A. This is the one used by the Canadian  
25 National Railway which is another form of the  
26 Canadian charter party.

27 ---EXHIBIT NO. 26: Canadian National Railway  
28 charter party form.

29 MR. HUNT: Q. What is this?

30 A. This is the Igros form charter party.





1 ---EXHIBIT NO. 27: Igro charter party form.

2 MR. HUNT: Q. What is that?

3 A. That is the Americanized Welsh charter.

4 ---EXHIBIT NO. 28: Americanized Welsh party charter.

5  
6 Q. Can you just briefly and in your own  
7 words list them and the differences which account  
8 for the cost to you?

9 A. The main difference is in the notice  
10 of readiness. Most of the Canadian charter parties  
11 stipulate in the party charter form your notice  
12 of readiness. That means when the vessel arrives  
13 in port in berth or out of berth your time for  
14 weather working days starts, your time for dis-  
15 charge. In most -- in so far as the rate that is  
16 charged there is greater than the American or  
17 Igro form charter. The American charter party --  
18 the American and also the Igro and Americanized  
19 Welsh generally is 750 tons a day discharge and the  
20 Canadian wants around 800 to 1000 tons a day  
21 discharge.

22 Q. That is the notice of readiness?

23 A. The notice of readiness given by the  
24 Igro form is if a vessel arrives before 9.00  
25 o'clock in the morning, the notice of readiness  
26 must be given at 9.00 o'clock in the morning and  
27 the time for discharge starts at 12.00 o'clock,  
28 at least at 1.00 o'clock that day, 1.00 p.m. If  
29 the vessel arrives after 9.00 o'clock in the  
30 morning up until 12.00 o'clock, notice of readi-







1       ness must be given before 12.00 o'clock and your  
2       time of discharge starts at 5.00 o'clock that  
3       evening. If the vessel arrives after 12.00  
4       o'clock in the day, they must give notice of  
5       readiness before 5.00 o'clock that evening. Your  
6       time starts the next morning at 9.00 o'clock.

7               Q.     Is there any other difference?

8               A.     And then another difference which is  
9       not in the Canadian charter party since the war is  
10      weather working days. That means coming up to the  
11      Newfoundland berth -- we have a lot of bad weather  
12      here. Both the Igro form and the Americanized  
13      Welsh charter allow us weather working days. In  
14      other words, if it is bad weather our discharge  
15      time does not count during that period.

16              Q.     How about demurrage charges?

17              A.     Demurrage charges as a rule on  
18      Canadian boats run around \$1,000 to \$800 a day.  
19      Demurrage under Igro and the American charter form,  
20      they run around \$400 a day demurrage.

21              Q.     Can you give an opinion from the know-  
22      ledge you have of the coal business what the effect  
23      would be of restrictions of Canadian coastal trade,  
24      restricting it to Canadian bottoms and registered  
25      vessels?

26              A.     Well, the only thing I can say is my  
27      observation on past experience and the way that  
28      has developed. During the war we could not secure  
29      any boats outside of Canadian bottom boats. Our  
30      freight rate within three months jumped from





1 \$3.50 to \$7.50 a ton. There was no perceptible  
2 increase in the cost of operating the boats at that  
3 particular time but what would happen if British  
4 competition was withdrawn from the coastal business,  
5 as far as we are concerned, I would say that there  
6 would inevitably be a trend upward in freight  
7 rates. From present observation I would say it  
8 would go to at least instead of \$3 about \$5 a ton  
9 from Sydney to St. John's.

10 Q. You mentioned an increase during the  
11 war and said there was no apparent increase in the  
12 operating cost. Was this about the beginning of  
13 the war?

14 A. I forget exactly. It was during the  
15 first one or two years of the war when this rate  
16 increase took place. It was at a time when people  
17 were supposed to be patriotic but it seemed to work  
18 the opposite way.

19 MR. MUNDELL: Q. Mr. Steinhauer, is there  
20 any problem about getting Canadian ships to carry  
21 coal?

22 A. There is a big problem, is that on the  
23 eastern seaboard all the bulk importers and small  
24 operators -- like our coal business, is spasmodic.  
25 We have cold weather, we have to have the coal.  
26 If the weather is not too cold we can't go out on  
27 the markets and make big commitments. If we want  
28 those vessels loaded at the present time we have  
29 to charter with the Montreal Shipping Company for  
30 four voyages. Any time we will get those boats,





1 we will get them some time before December 31st,  
2 generally speaking, which is after the St. Lawrence  
3 River freezes and those boats become available for  
4 from Sydney to St. John's.

5 Q. What would be the normal run on these  
6 Canadian bottoms?

7 A. They are all general cargo boats. Our  
8 business is not big enough to warrant having a  
9 regular cargo. We have to pick up cargo boats,  
10 regular package cargo boats.

11 Q. They are not canallers or lake boats?

12 A. Well, in the summer time in the past  
13 we have been able to get a few of those. When the  
14 weather begins to get rough here these lake boats  
15 cannot operate. We had the Detroiter one year,  
16 which was a little lake boat with the engine aft.  
17 That ship is not suitable here during the winter  
18 weather. Consequently we cannot use those boats  
19 here.

20 Q. Is it just the fact they are not used  
21 here? Is that why you say they are not suitable  
22 or is there any special explanation you can refer to?

23 A. They just can't -- the weather we have  
24 is just too rough. They just can't navigate in the  
25 weather conditions. In fact, last year we had one  
26 ship we almost lost here. She got swamped with the  
27 weather. We noticed they were all the same. That  
28 was before the war. We have not had any of those  
29 boats since the war.

30 Q. In general, why do you charter U.K.







bottoms and Canadian bottoms? If you cannot get all the U.K. bottoms you wanted, would you take the other?

A. Well, not necessarily. We use -- in our discharging of our coal business we use what is known as normal shallow discharge. We try to get as good a freight rate and as suitable a boat as we can get which is offering at the time we need it.

Q. A sort of combination of ---

A. In other words, some of these package freight boats are very unsuitable for discharging. There are two or three features enter into the type of boat that we --- In the Canadian trade, normally, as I said, there are not too many of these boats that actually carry bulk cargo. Most of them are package cargo boats.

Q. I was wondering why you have any Canadian ships if the rate is higher?

A. At times they are available. At other times they are not available. Sometimes the British boats are available and sometimes they are not available.

Q. Would the handling affect your cost?

A. Yes, the discharging rate.

Q. It may offset the difference in the rate?

A. Yes. Some boats you pick up have war insurance but if we can discharge for 25¢ a ton cheaper we can be justified and so forth.





1 Q. What are the U.K. vessels from that  
2 point of view?

3 A. There is not any difference between the  
4 U.K. vessel and the Canadian vessel except the types  
5 vary. There is one type of Canadian vessel just  
6 as suitable as the small type of British vessel.

7 Q. In general, would there be in your  
8 judgment sufficient Canadian bottoms to carry your  
9 business available?

10 A. Well, we have not found it so. We  
11 have not found it so in the past. Just like at the  
12 present time we want to get coal from Sydney. The  
13 only boat that was available was a little boat by  
14 the name of the Ardglen which we had for two trips.  
15 She only carried 1000 tons. I think she is a  
16 British bottom. I am not sure.

17 THE CHAIRMAN: The Ardglen is a British  
18 bottom which was referred to in Mr. Crosbie's  
19 evidence yesterday afternoon.

20 MR. MUNDELL: Thank you, Mr. Chairman.

21 Would it be advantageous to you to revert to  
22 the pre-Confederation situation where you could  
23 obtain any vessels that were available?

24 A. Of course, anything that widens the  
25 supply of vessels necessarily reduces your handling  
26 charges and the rates which you have to pay. In  
27 other words, if we could charter foreign bottoms,  
28 by "foreign" bottoms I mean other than Canadian  
29 and British bottoms, definitely our rate would be  
30 lower. If could go and get, say, Danish and





1 Norwegian cargo ---

2 Q. You are not interested in maintaining  
3 a schedule or anything?

4 A. Most of the steamers we pick up for  
5 coal is generally termed as tramp steamers. They  
6 pick up cargo wherever they can pick it up and  
7 when it is available.

8 Q. You think if the trade were restricted  
9 to Canadian bottoms you would have a great increase  
10 in the rates. Is that not correct?

11 A. Yes.

12 Q. Is that due to lack of competition or  
13 increased costs or which of these do you think  
14 would be the major factor?

15 A. I think personally -- I think that the  
16 reason Canadian are higher would be the lack of  
17 boats. I do not think they have the tonnage for  
18 this particular trade. There is not enough of that  
19 tonnage. You see, most of the ships we have been  
20 chartering from Sydney or St. John's have been  
21 supplied by the Montreal Shipping Company. They  
22 have some of the old park boats that were built  
23 during the war. We get those when there is no other  
24 cargo available for them. For instance, if they  
25 have a cargo of fluor-spar or a cargo to move,  
26 they will make a trip to Sydney for us while they  
27 are operating with that cargo. That is about the  
28 only time that we can get a favourable charter  
29 term and rate from the Canadian Steamship Companies.

30 Q. In other words, if trade were







1 restricted to Canadian bottoms you think that with  
2 so few ships available that would put the rate up  
3 more?

4 A. Definitely. Our business -- speaking  
5 for my company, that is all I can speak for -- our  
6 business is not regular enough or large enough to  
7 warrant a Canadian company putting a ship in  
8 service for that particular business. That is most  
9 of our difficulty here in Newfoundland.

10 Q. Do you know if there were enough ships  
11 available would you expect the rates would go up  
12 because of higher costs or lack of competition?

13 A. I think it is commonly known that the  
14 cost of operating foreign boats and British boats  
15 are less because of the wage schedules and other  
16 factors.

17 Q. That is what I was wondering when you  
18 say they have the same rate subject to this variance  
19 of 25¢ a ton?

20 A. Yes.

21 Q. Do you think the Canadian boats are  
22 losing money on those voyages? Would you have  
23 any opinion on that?

24 A. I wouldn't know.

25 Q. Apart from the 25¢ ---

26 A. We have, sir, from time to time taken  
27 boats on our charter for our coal business. We  
28 find that charter boats for particular trips were  
29 more to our suiting and probably more economical  
30 to us. The only time we get these Canadian boats





1 are if they are waiting for a cargo they cannot  
2 pick up. Sometimes we send cargo across the line  
3 or send to St. John's. After a few days they can  
4 pick up a cargo of coal. That is the way we get  
5 these Canadian boats, otherwise all the rates are  
6 too high. It is higher than the British bottoms.  
7 Therefore, we use British bottoms normally.

8 Q. The differential, is that 25 or 50¢?

9 A. Yes, in the charter period there is a  
10 certain market established, I do not know how it is  
11 established, by bidding, I suppose. You have to  
12 stay within the price range of the charter. The  
13 charter party which they give you, it is all in  
14 favour of the ship operator. There are no favours  
15 at all for the signers of the charter.

16 Q. The bids would be the term of a certain  
17 charter party, I suppose?

18 A. Oh, yes, that is right.

19 Q. So what puzzles me is why ---

20 A. We are forced at times to take  
21 Canadian bottoms because we cannot get anything  
22 else. This charter party they will give us -- they  
23 won't give us the Igro or Americanized Welsh  
24 charter.

25 Q. You accept the fact you are going to  
26 have to pay a little more?

27 A. That is right.

28 Q. If there were available sufficient  
29 Canadian bottoms you would be of the opinion that  
30 the rate would still go up because of the scarcity





1 of ships and because of higher costs?

2 A. Yes, I would say that because their  
3 costs are definitely higher.

4 Q. You have no figures yourself on them?

5 A. No.

6 Q. Your experience at the moment is that  
7 there is just a minor difference in the charter  
8 rates due to the variation in the charter party?

9 A. That is right.

10 Q. We have heard here in great detail a  
11 discussion of the so-called Conference. Would that  
12 in any way affect your business?

13 A. What?

14 Q. The Shipping Conference Lines?

15 A. No.

16 Q. Yours is what may be termed in relation  
17 to the Conference business, a casual business?

18 A. That would have nothing to do with our  
19 business.

20 Q. What quantity of coal do you handle  
21 in your company?

22 A. At the present time we are handling  
23 about 60 to 70 thousand tons. That is bituminous  
24 coal; and about 10,000 tons of Welsh anthracite.  
25 Of course, the Welsh anthracite does not come in  
26 the picture. That comes from the other side.

27 Q. What is the major use of this coal;  
28 is it domestic?

29 A. Practically all domestic coal.

30 Q. Do you have a big stock-pile here







in St. John's?

A. Well, that is another factor or reason why we like to get Sydney coal from the Dominion Coal Company, because it is closer. It is only 36 hours away. We do not have to keep stocks as we do when we import either British or American coal because it is easier to keep our stocks up to a certain level. Our storage capacity is definitely limited.

Q. On occasion you may be sort of in danger of getting caught?

A. That is it. That is why the weather has quite a bit to do with it. In other words, we have a cold month and we have not anticipated that. Like, this spring, for instance, by the 1st of April we were out of coal. We did not anticipate having the spring we did.

MR. MUNDELL: I think that is all I have.

MR. HICKMAN: Q. Mr. Steinhauer, a great deal of the coal moved into Newfoundland, I believe, is carried in the small schooner type of vessel?

A. Yes, that is for the out ports.

Q. So that St. John's is the only ports where you have coal brought in by steamer?

A. No. Coal comes in by steamer to Cornerbrook and Botwood and Lewisport.

Q. The rest of Newfoundland and particularly on the south coast, their coal comes in schooners with a carrying capacity of about





1 150 tons?

2 A. Some of them run a little larger than  
3 that.

4 Q. I suggest none of them run more than  
5 200 tons?

6 A. No, I wouldn't say so.

7 Q. These vessels load up at North Sydney,  
8 do they not?

9 A. Yes.

10 Q. Can you tell the Commission something  
11 about the loading facilities at North Sydney in  
12 so far as Newfoundland is concerned?

13 A. In North Sydney they have what they  
14 call the low level and high level loading piers.  
15 The low level pier is mainly to be used for the  
16 loading of schooners and small steamers say up to  
17 3,000 tons, and even when we get coal from Sydney  
18 we like to have it at the low pier because Sydney  
19 coal is very friable and since we use it for  
20 domestic purposes we want to get it as round and  
21 lumpy as we can. At North Sydney there is no  
22 stock-piling of coal at all. It comes directly  
23 from the mines. If anything happens at the mines  
24 that delays production of the coal, well then, we  
25 have to wait, and one of the difficulties in  
26 getting coal from Sydney is that if you have to  
27 wait any length of time your demurrage on your  
28 vessels runs very high. As to the loading  
29 facilities there, I do not think they have  
30 improved those since the last 50 years. We have





1        been after them to put in a spiral loading equipment  
2        to keep the coal from breaking. They have not seen  
3        fit to do it up till now.

4                Q.        Is it your opinion based on your many  
5        years of experience in the coal business that the  
6        loading facilities at North Sydney are inadequate?

7                A.        Yes, I would say so. I think all the  
8        equipment in North Sydney is very inadequate, very  
9        obsolete.

10              Q.        Is it also not a fact that the  
11        schooners bringing coal from Sydney have to wait  
12        on the loading of larger steamers at the low pier  
13        even though the steamers arrive after the vessels?

14              A.        Certainly the steamers are given a  
15        preference in loading in North Sydney.

16              Q.        I believe the position is then you have  
17        a lengthy waiting list of Newfoundland vessels  
18        because several steamers are in even behind them  
19        and still get loaded first?

20              A.        You see, the reason for that is the  
21        schooners have to wait because the demurrage charges  
22        on steamers are so high, \$1,000 a day. If you are  
23        and  
24        there a week, you have 3,000 tons of cargo, that is  
25        \$2 per ton. I think Dosco gives preference to  
26        steamers, it is an economical measure.

27              Q.        Even though the schooners loading in  
28        the spring accounts for a large proportion of our  
29        coal?

30              A.        Yes, they are not practical. The  
loading facilities are not adequate for loading







1 the number of schooners they have to load in certain  
2 times of the year. They are certainly -- I under-  
3 stand -- we have not imported any coal in schooners.  
4 I understand that some schooners wait as long as  
5 three weeks at a time waiting for coal.

6 Q. Have you any idea as to the marketing  
7 of Sydney coal, how the Newfoundland market stands  
8 up against the other Canadian markets? Would it  
9 be the largest market for North Sydney coal?

10 A. I think by far it is the largest  
11 domestic market. I do not think there is any  
12 question about it. We have a very unique domestic  
13 coal market in Newfoundland. I think there is  
14 more industrial coal used per capita in Newfoundland  
15 than there is in any other place on the North  
16 American Continent.

17 Q. All our coal comes from Sydney?

18 A. No. Up until April 20th of last year  
19 I would say the majority of it came from Sydney.  
20 Since April 20th last year we have been importing  
21 American coal, that is in St. John's.

22 Q. In the outports of Newfoundland I  
23 believe that all the coal still comes from Sydney  
24 by small vessels, carriers?

25 A. But that is because it is not feasible  
26 to bring 150 or 200 tons of coal in a schooner  
27 from the eastern seaboard of the United States.  
28 It is too far, so the only other source of supply  
29 for Newfoundland schooner trade is North Sydney.

30 Q. I would think with the depressed





1 condition of the coal industry in Nova Scotia this  
2 domestic market would be entitled to expect better  
3 loading facilities with their method of trans-  
4 porting ---

5 A. That is something I cannot understand  
6 because there is no reason why the Newfoundland  
7 Coal Company should buy American coal at the present  
8 time if the coal is properly screened and properly  
9 loaded, but the quality, when we get it here, we  
10 get too much fine coal in it, what we call slag.  
11 There is no slag -- there is no industrial market  
12 for coal in Newfoundland. It is all domestic.  
13 The small domestic ranges and heaters cannot use  
14 fine coal. There is not enough draft. It clogs  
15 up everything.

16 COMMISSIONER WICKWIRE: Q. Mr. Steinhauer,  
17 your facilities for discharging the coal, I under-  
18 stand, are modern and up-to-date?

19 A. No.

20 Q. You still have to employ stevedores  
21 for discharging these boats?

22 A. Yes, we do.

23 Q. Is there any difficulty in that  
24 respect?

25 A. Well, we get along pretty well with  
26 the longshore labour union but the only trouble  
27 that we have is we have to put too many men on.  
28 We use the same number of men to discharge our  
29 coal boats as they did by using tubs and shovels.

30 Q. The old hand method?





1 A. Yes.

2 Q. Give me an idea of the number?

3 A. Well, we use 20 men on a hatch and  
4 under our agreement with the union, which we have  
5 not been able to better, we use 80 men to discharge  
6 a coal boat which normally we would only need  
7 about 20 men. That would be ten men under each  
8 hatch, working with shovels. One works one hatch,  
9 one the other. You need about ten men under  
10 each hatch. We are forced when we start two  
11 hatches -- when we start two hatches together we  
12 use about 80 men to begin with.

13 Q. What do the 80 men do?

14 A. Most of them do nothing.

15 Q. Does the same condition pertain to  
16 unloading all ships or just to coal?

17 A. We have no other business beside the  
18 coal business. In so far as the waterfront is  
19 concerned I do not know whether they employ men  
20 to unload the cargoes of steamers. I know in our  
21 negotiations, I am part of the negotiating  
22 committee that negotiates with the union, -- I  
23 know that the steamship people in regards to  
24 sling loads -- that is the amount they can bring  
25 out at one time, also decreases the number of men.  
26 I have never gone into that personally because  
27 we are not in that business.

28 Q. Would that necessarily make the cost  
29 of mining coal higher?

30 A. Yes, it does. It makes the cost of







mining our coal about 50 cents a ton higher.

THE CHAIRMAN: What does? You are talking of the difference between the increased cost of the Canadian charter over the American Welsh?

A. Sir?

Q. That is a 50 cent equalized difference between the costs?

A. That is right.

Q. So that with modern operation or modernized facilities you could handle coal in your Canadian bottoms at the same cost as you are paying for the American Welsh Charter?

A. If we save 50 cents from the longshore labour union.

Q. It would seem to be a heavy penalty to pay?

A. Well, I do not know if you have negotiated with a great many unions or not. We have for years. We make the best deal we can make. That is all we can do.

MR. GERITY: Q. Mr. Steinhauer, have you ever had a self-unloading vessel come in here with coal?

A. No. I am glad you brought that point up. As I understand the situation at DOSCO, when the new plant is built, after they get the money from the Government, they intend to ask about having a Furness boat. They have not got a self-unloading boat and I think Newfoundland -- perhaps we have never had one here because we do not know how. We had opportunities two or three times during my





1 27 years in the coal business to get self-unloaders  
2 but just how we would get along with the labour union  
3 -- you couldn't get them. You could never get one  
4 so we have not considered any self-unloaders.

5 Q. I thought you said the saving to you  
6 was 25 cents a ton where you have the lake type vessel  
7 with the engine aft?

8 A. That is right.

9 Q. I suppose the saving to you if you had  
10 a self-unloading vessel would be considerably higher?

11 A. I would think a self-unloading vessel,  
12 it would save us about \$1.40 a ton.

13 Q. Have you ever approached any of the  
14 Great Lakes' companies and asked them to have their  
15 fleet carry coal here?

16 A. Yes, we have.

17 Q. Which one?

18 A. I forget now. I did approach Mr.  
19 Gerald Murphy. I forget the name of the company  
20 he was with.

21 Q. Do you know whether or not the laws or  
22 regulations allow the lake type of vessel to sail  
23 as far as St. John's?

24 A. We have had them at times but never in  
25 the summertime, up till about the 1st of October.

26 Q. That would only be in the summer  
27 following which the river itself freezes, would it  
28 not?

29 A. If we could use them another time?

30 THE CHAIRMAN: Q. They come down here before





1 the freeze-up and spend the winter carrying coal?

2 A. Yes, I think that would be possible.

3 I do not think they allow the package freight boats  
4 out. Maybe they can't get them where it would pay  
5 them and maybe tying them up and it might run their  
6 cost up rather than keeping them at their own place  
7 in the Lakes.

8 Q. You could not employ them regularly  
9 during the winter?

10 A. I could employ them rather regularly  
11 during the winter but they couldn't operate the whole  
12 year here.

13 MR. GERITY: Q. Mr. Steinhauer, from what you  
14 tell us you sell bituminous coal mostly for  
15 domestic use?

16 A. That is right.

17 Q. I take it that being so that the  
18 Sydney type of coal is not actually preferable to  
19 you. You would prefer to have American coal?

20 A. Sydney coal is more preferable to  
21 our customers and after all that is our business,  
22 if we can get it without getting too much slag.

23 Q. At the moment, as I understand it,  
24 if the costs were equal and you could bring coal  
25 let us say from Ashtabula in Ohio would you prefer  
26 to buy that coal rather than Sydney coal?

27 A. If the Sydney coal was properly  
28 prepared we would rather have Sydney coal.

29 Q. Is it properly prepared?

30 A. Not at the present time.







1 MR. SIMARD: Q. Witness, you just mentioned  
2 the name of Mr. Gerald Murphy. You do not happen to  
3 know what company Mr. Murphy operated?

4 A. No, I don't think -- I think he has an  
5 office in -- I don't think he has a company.

6 Q. He has. Are you aware that you cannot  
7 get in touch with him now because he is dead?

8 A. That is right, I am sorry.

9 Q. So we cannot get in touch with him but  
10 Mr. Murphy had a company?

11 A. That is right.

12 Q. I cannot remember the name of his  
13 company but he tried with two companies to try and  
14 clear up this situation?

15 A. That is right.

16 Q. And the two companies never got along  
17 for the reason -- this is beyond our scope in these  
18 proceedings -- Mr. Murphy's company went bankrupt  
19 before he died?

20 A. I do not know about that.

21 Q. If I may put that information about  
22 Mr. Murphy ---

23 A. I was in contact with Mr. Murphy. He  
24 was trying to -- endeavouring to get a Canadian  
25 company with a self-unloader.

26 Q. You knew Mr. Murphy?

27 A. Yes, sir.

28 ---The witness retires.

29 THE CHAIRMAN: Thank you very much. Have you  
30





finished your presentation now, Mr. Hunt?

1 MR. HUNT: With the exception, Mr. Chairman,  
2 that this brief was prepared jointly by the Government  
3 and the Board of Trade and I would request that Mr.  
4 Cyril Horwood, President of the Board of Trade,  
5 make a brief submission to you.

6 MR. HORWOOD: Mr. Chairman, as President of  
7 the Newfoundland Board of Trade I would like to state  
8 that when we became aware first of the suggestion  
9 that British bottoms be excluded from the Canadian  
10 coastal trade the Board took a very serious view,  
11 considering that a crisis in itself may arise from  
12 such a step which would adversely affect the  
13 Maritimes directly and the economic life of this  
14 Province.

15 It was at first thought that we would  
16 prepare a brief opposing this suggestion, but on  
17 consultation with Government parties we were  
18 assured they took the views of the Board, it was  
19 decided to co-operate and go in on the same brief.

20 This we have done. We merely want to  
21 formally associate the Board with the Government  
22 brief. We would submit that we associate ourselves  
23 with all opinions and views expressed therein and  
24 are, as I have said, in association with the  
25 Government on the brief which has been presented  
26 by them.

27 MR. HUNT: That is the evidence for the  
28 Government of Newfoundland, Mr. Chairman, with the  
29 right to bring in statistics and possible economic  
30





1 information at Ottawa or Montreal.

2 THE CHAIRMAN: You will understand, Mr. Hunt,  
3 the Ottawa Hearings will be in effect limited to  
4 argument by way of reply and it was not unintentional  
5 that we did hear first in Ottawa certain national  
6 interests such as the two railroads and the  
7 Dominion Marine Association who presented their  
8 briefs and their arguments in support of them.

9 That was done as a result of design so that  
10 the hearings in the various centres of Canada might  
11 consider the evidence of the opposition so that such  
12 statistics, as those to which you referred, should  
13 be merely by way of illustration and setting up the  
14 evidence already produced.

15 I do not think that those who oppose you  
16 in interest should be expected at this hearing in  
17 Ottawa to deal with new evidence.

18 MR. HUNT: Mr. Chairman, that was the  
19 intention mentioned throughout the evidence that  
20 we would have more figures from the D. B. S. and  
21 others.

22 MR. GERITY: Mr. Chairman, I wondered if  
23 I might ask Mr. Horwood one question.

24 THE CHAIRMAN: Yes, proceed.

25 MR. GERITY: Q. Mr. Horwood, if the cost  
26 to Newfoundland is equal with Canadian or British  
27 vessels does your group care one way or the other  
28 which operator carries them?

29 A. Well, I do not think that question  
30 has arisen. The view of the Board was that

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1 with the exclusion of British bottoms that it was  
2 rather as a corollary that the cost of freight  
3 would increase in Canadian bottoms, as I think it  
4 is a well known fact that the operation of Canadian  
5 ships is higher than British ships and it would be  
6 regarded as self-evident if British ships were  
7 excluded there would be a natural increase.

8 Q. Well, sir, it is possible that this  
9 Commission or those who appear before them, may  
10 recommend schemes whereby Canadian ships can carry  
11 at the same rate as British ships. If that were so,  
12 would the Board of Trade care one way or the other?

13 A. I don't think so, no. There has not  
14 been discussed -- . The Board's views were there  
15 should not be a detrimental increase in the freight  
16 to affect the economic life of the Province and  
17 raise the cost of living.

18 Q. And that is assumed?

19 A. That is assumed.

20 MR. GERITY: Thank you.

21 MR. MUNDELL: I just want to say if the  
22 Government of Newfoundland has closed its case how  
23 very much indebted we are to Mr. Hunt and, in fact,  
24 to those associated with Mr. Hunt and Mr. Crosbie  
25 for the assistance they have given us.

26 THE CHAIRMAN: I do not think you can express  
27 that only for yourself. The Commission has certainly  
28 appreciated the very detailed, complete and well  
29 supported brief presented first on file and then  
30 by evidence which we have had from the various





witnesses called by them. We realize your interest is very vital.

MR. MUNDELL: I was speaking on behalf of counsel, Mr. Chairman. Now, Mr. Chairman, subject to your direction, we have finished with the Government of Newfoundland Brief and we are going to have the Furness Withy Brief now and then after that the Newfoundland-Great Lakes Brief.

THE CHAIRMAN: I think that is satisfactory, yes.

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SUBMISSIONS BY FURNESS WITHY COMPANY LIMITED

MR. JAMES HALLEY, Counsel for Furness Withy Company Limited.

MR. HALLEY: Mr. Chairman, and Commissioners, at this hearing I appear as counsel for Furness Withy and Company Limited. I do not believe there is any need for me to go at this time into any summary whatever of the evidence that Furness Withy and Company Limited will give at this hearing as the facts have been very concisely set forth in the submissions of Furness Withy and Company Limited.

We have here today to give evidence before this Commission none other than the Manager from Montreal and a Director of Furness Withy Company, Mr. Rees.

As the Commissioners know Furness Withy's position is that they ask this Commission to





recommend that no additional restriction be placed on the coastal trade between Newfoundland and the Maritime Provinces and that if it is decided to impose some additional restriction in this particular trade that the special position of Furness Withy be recognized and that this Company be allowed to operate United Kingdom-built and registered ships on the present two services of Furness Withy Company Limited.

I may say that the brief does show that Furness Withy Company and Furness Withy Services have been associated with Newfoundland and the Maritimes for over 100 years, that is the Furness Withy Company and the line that they now operate, so that without going further into the facts that will be given, I will now call on Mr. Rees to give evidence.

EDGAR P. REES, called

BY MR. HALLEY:

Q. For the purpose of the record, Mr. Rees, can you tell us whether the Furness Withy Company Limited is a British company or a Canadian company?

A. British.

Q. Incorporated in---

A. Incorporated in the United Kingdom, head office in London, England.

Q. And what is your position with that company?

A. I am a director of the company.

Q. Your particular offices are where?







A. Montreal.

Q. Your position at the Montreal Office, I understand, is Manager?

A. No, I am the resident director in charge of Canadian operations.

Q. How long have you been associated with Furness Withy and Company Limited?

A. Since 1912.

Q. What is the business of Furness Withy Company Limited?

A. Primarily ship owners, ship agents. We have others but they are the main ones.

Q. You have a branch office in Canada and Newfoundland, I believe?

A. Yes.

Q. Where are those branch offices located?

A. St. John's, Newfoundland, Halifax, Nova Scotia, Saint John, New Brunswick, Montreal, Quebec, Toronto, Ontario and Vancouver, British Columbia.

Q. Dealing in relation to St. John's, apart from having a branch office here, what property or facilities does your company own here in St. John's?

A. We own very extensive wharf property with a waterfront, I think, of approximately 600 feet and substantial warehouses on it for storage of cargo we handle.

Q. Would you say that your waterfront property is as large as, larger or smaller or what





than any other waterfront business property in  
St. John's?

A. I could not answer that exactly. I  
would say it is one of the two largest properties  
anywhere.

Q. To deal with Halifax, apart from a  
branch office in Halifax do you have any property  
at Halifax with your lines?

A. We own one pier in Halifax approximately  
500 feet long by about 90 to 100 feet broad which  
can berth two big ships.

Q. In the coastal trade of Canada in what  
lines are Furness Withy Company engaged?

A. Well, the Furness Warren Line, whose  
terminal ports are Liverpool, England and Boston,  
and the Furness Red Cross Line that runs through  
New York via the Maritimes to Newfoundland and  
return.

Q. To deal with the Furness Warren Line,  
how long has the Furness Warren Line been operating  
under your ownership?

A. We acquired it in 1912.

Q. Can you tell us prior to your acquiring  
that Line how long was that Line associated in the  
Newfoundland, Nova Scotia and Maritime trade?

A. According to the best records we have  
been able to dig up it goes back to somewhere around  
1839. Our immediate predecessor was the Allan Line.

Q. So that the service of the Furness  
Warren Line does extend in time backwards to over





100 years association?

1 A. That is right.

2 Q. What boats are operated by the Furness  
3 Warren Line?

4 A. The R.M.S. Newfoundland and R.M.S.  
5 Nova Scotia.

6 Q. What speed would those boats have?

7 A. 16 knots.

8 Q. And the passenger capacity?

9 A. In round figures about 150 on each  
10 ship.

11 Q. What cargo capacity would these two  
12 particular boats have, approximately?

13 A. Of course, it would depend on the type  
14 of cargo. The dead weight of these ships, which is  
15 the total weight they can carry, is somewhat over --  
16 I have not the exact figure -- somewhere I could  
17 find it -- 4,200 tons in round figures.

18 Q. And would these boats have any  
19 refrigeration space?

20 A. Yes.

21 Q. Would you give the Commission---

22 A. I am sorry. I said 4,200. I should  
23 have said 4,700.

24 Q. The refrigeration space of these boats  
25 would be what?

26 A. 52,900 feet.

27 Q. Now, were these boats built for this  
28 particular trade or not?

29 A. Very definitely.  
30







1 Q. Beg pardon?

2 A. Very definitely.

3 Q. They were built for this particular  
4 trade?

5 A. Yes.

6 Q. In designing them for this particular  
7 trade was the refrigeration service built for  
8 Canadian coastal trade or not?

9 A. The refrigeration space of the ships?

10 Q. I may put it another way. Do you carry  
11 in these ships between St. John's and Halifax any  
12 cargo that requires refrigeration space?

13 A. From St. John's to Halifax practically  
14 nothing.

15 Q. From St. John's elsewhere?

16 A. At the moment it is practically nothing  
17 to Liverpool but one of the primary reasons for  
18 putting such refrigeration space in the ships was  
19 during the war past the movement of frozen salmon  
20 from Newfoundland to Liverpool.

21 Q. Apart from transporting frozen salmon  
22 would your ships transport any other Newfoundland  
23 products in that refrigeration space?

24 A. We used to -- the Warren ships used  
25 to get a certain amount of frozen blueberries to  
26 Boston. That was more a national movement than  
27 a Boston movement. We do carry a minimum amount  
28 of fresh frozen fish from St. John's to Boston.

29 Q. Is the service a regular service or  
30 not?





1 A. Yes, it is very definitely a regular  
2 scheduled service.

3 Q. How many trips a year would these  
4 services provide?

5 A. It is approximately 17-day interval  
6 between sailings which gives an average of 21 or 22  
7 sailings a year.

8 Q. Do you know of any other regular line  
9 or passenger service by sea similar to your own to  
10 St. John's, Halifax and New York?

11 A. There is not one.

12 Q. There is not one?

13 A. No.

14 Q. And does this service operate in the  
15 summer months or the winter months or all year  
16 round?

17 A. 12 months of the year.

18 Q. Now, how important is the Canadian  
19 coastal trade to your company in relation to these  
20 services at St. John's and Halifax?

21 A. Well, as we mentioned in our brief  
22 the coastal portion might be termed a leg of the  
23 total voyage. In so far as a joint estimate is  
24 concerned in combining the Warren Line and the  
25 Red Cross Line together with regard to the Canadian  
26 coastal cargo the average over the last five and  
27 a half years, the coastal cargo is about 23 per  
28 cent of our total carriage.

29 Q. The Canadian coastal carriage is  
30 23 per cent of your total carriage?





1 A. That is right.

2 Q. For the combined lines?

3 A. Yes.

4 Q. Of Furness Warren and Furness Red Cross?

5 A. Yes.

6 Q. In relation to passengers of the total  
7 carriage of passengers, what would the Canadian  
8 coastal passenger traffic average?

9 A. The average percentage for the same  
10 period is about 14 per cent of our coastal trade.

11 Q. Now, can you tell the Commission  
12 what exactly the Red Cross Line is, what boats it  
13 operates and what services it performs?

14 A. Well, the voyage commences at New  
15 York, St. John, New Brunswick, Halifax, St. John's  
16 Newfoundland and one of the two boats then goes up  
17 to Corner Brook. There are two ships in this  
18 service, the Fort Avalon and the Port Hamilton.  
19 The Avalon has refrigerating space. The Hamilton  
20 has not, and the Avalon is strengthened for ice  
21 and has some special fittings for the carriage of  
22 newsprint paper from Corner Brook into the States.

23 Q. So this line does carry newsprint  
24 from Corner Brook to the States?

25 A. Yes.

26 Q. Are these two boats of Canadian or  
27 British registry?

28 A. United Kingdom registry.

29 Q. And the Nova Scotia and the Newfoundland  
30 are of---







1 A. United Kingdom registry.

2 Q. Do you know of any regular service  
3 between New York and the Maritime Provinces and  
4 Newfoundland?

5 A. Other than the Red Cross?

6 Q. The Red Cross does give that service,  
7 other than the Red Cross?

8 A. There is no other.

9 Q. Now, how long has the Red Cross Line  
10 been operating in the Newfoundland and Nova Scotia  
11 and Canadian coastal trade?

12 A. We acquired the service from Bowring  
13 and Company shortly after -- within a few years after  
14 the end of World War I. Bowring previous to that  
15 had been operating it a minimum of 50 years. I have  
16 not got the exact date.

17 Q. For approximately 50 years the Red  
18 Cross Line type of service was being supplied to  
19 this country by this particular line?

20 A. Well, it is more than 50, 50 by  
21 Bowrings and since World War I by ourselves. I  
22 would say the Red Cross has been running for a  
23 minimum of 70 years or 80 years between Bowring  
24 and ourselves.

25 Q. Between Bowring and yourselves?

26 A. Between Bowring and ourselves, yes.

27 Q. Would you have any comment to make  
28 on the employment given at St. John's and Halifax  
29 by the loading or unloading or other features of  
30 your service?





1           A.       Well, the purchase of stores, repairs  
2 carried out on our ships in Maritime ports and the  
3 longshore labour employed in loading and discharging  
4 at Saint John, New Brunswick, which is a comparatively  
5 small amount, Halifax, St. John's, Newfoundland,  
6 our expenditures in 1954 were just over \$559,000.

7           Q.       Would that be for these two lines?

8           A.       Combined.

9           Q.       And can you tell us here the stevedoring  
10 wages that have been paid by your company in Saint  
11 John, Halifax and St. John's Newfoundland in that  
12 time?

13          A.       In 1954 it was approximately \$844,000.

14          Q.       And that would mean the wages paid to  
15 Canadians who were employed by your company for  
16 stevedoring duties of unloading and loading your  
17 ships?

18          A.       Yes.

19          Q.       Now, Mr. Rees, if this Commission  
20 recommended that ships of U. K. registry be  
21 barred from the coastal trade of Canada and if  
22 that recommendation was legislated into the law,  
23 what would the effect be on these services given  
24 by your company? Would they benefit or not?

25          A.       We have not given a great deal of  
26 thought to that because frankly we thought it is  
27 inconceivable that anything should be done that  
28 would interfere with these two services and the  
29 grandfather rights we have over the last long  
30 period of time, but if such an unfortunate thing





1 did take place I am confident we could not continue  
2 operating the same schedules we do now. There would  
3 be too much wasted time in steaming around parts of  
4 the ocean where we would not be allowed to carry  
5 cargo or merchandise. I do not say the service  
6 would be abandoned, but there would certainly be a  
7 modification to Newfoundland in the scope.

8 Q. The modification that may take place,  
9 of course, you are not in a position to know till  
10 the company have considered it?

11 A. Yes. We would certainly have to look  
12 at all the facts concerned. I think one thing very  
13 definitely on the Warren Line service is the homeward  
14 call at St. John's Newfoundland would be abandoned.  
15 That may be the first thing we would do.

16 Q. The first thing that would happen,  
17 in your opinion, would be that the homeward call --  
18 that would be St. John's to Liverpool call?

19 A. Yes.

20 Q. Would certainly be abandoned in your  
21 opinion?

22 A. I think that would be the first  
23 casualty.

24 Q. So that the restriction on your ships  
25 could certainly mean that the services that  
26 Newfoundland and the Maritimes and Nova Scotia  
27 enjoy would certainly be curtailed or else definitely  
28 be curtailed and altered the extent of which you do  
29 not feel you can say with certainty at this time?

30 A. Yes. I feel sure there would be







curtailment.

1 Q. That curtailment, I take it, would be  
2 felt not only in Newfoundland but also in Halifax and  
3 in St. John? The curtailment would cover Nova Scotia  
4 as well as here?

5 A. Oh, yes.

6 Q. You referred to what you called  
7 "grandfather rights". Would you explain what you  
8 mean by that, Mr. Rees?

9 A. It is an expression that I use. I  
10 have seen it quite a lot in Newfoundland and it  
11 has certainly been used in steamship organizations  
12 for a very long period of time and roughly it  
13 means you have established a shipping company  
14 yourself for a certain time and traded for a  
15 long time and you have bought your way into it  
16 and have every right to stay.

17 Q. In other words you have pioneered  
18 and built up a service and continued it?

19 A. That is right, that should be  
20 recognized in any change in the legislation.

21 Q. The Commission has heard certain  
22 references here from the evidence given in St.  
23 John's to what is known as the Conference Line  
24 and Associated Newfoundland Lines and can you  
25 tell us what is meant by a "Conference Line"  
26 from your experience, Mr. Rees?

27 A. You mean the definition of a  
28 Conference Line?

29 Q. A Conference Line as referred to  
30





here in this hearing?

1  
2 A. Technically speaking there has never  
3 been a Conference Line in my time in a regular line  
4 of trade to and from Newfoundland and Canada, the  
5 mainland of Canada, but there used to be what was  
6 loosely termed the Associated Newfoundland Lines,  
7 which was a very loose one. There was never any  
8 written agreement but it was an understanding  
9 between a group of lines that they would talk  
10 over what rates they would charge but anybody had  
11 the right at a moment's notice to change the rate  
12 to meet competition on notification to the other lines  
13 that were in that group in that period.

14 Well, a year or so ago we ourselves, Clarke  
15 Steamship Company, The Newfoundland-Canada Company  
16 which ran out of Halifax and Blue Peter Steamship  
17 Company, which was then operating from Montreal --  
18 in the early part of last year it was decided that  
19 even that loose agreement could not continue and  
20 the larger company, Clarke, operating out of  
21 Montreal wanted their complete freedom to do what  
22 he liked less than in a moment's notice because of  
23 competition from a line operating from the Great  
24 Lakes, so that in effect there was nothing---.

25 Q. In the effect there was nothing,  
26 you might say, of a regular agreement and what is  
27 known as The Associated Newfoundland Lines are not  
28 at the present moment operating in conjunction?

29 A. No. We used to have a joint tariff  
30 of rates and that was discontinued, oh, late in





spring of 1954. We all now issue our own tariffs.

1 Q. Does the Furness Warren Line or the  
2 Furness Red Cross Line carry to or from Newfoundland  
3 any freight from points west of Montreal?

4 A. West of Montreal?

5 Q. Is your company engaged in carrying  
6 passengers or the carriage of freight or passengers  
7 to and from points west of Montreal?

8 A. We do not load or discharge cargo  
9 west of Montreal or load or disembark passengers  
10 west of Montreal.

11 Q. There has been introduced as evidence  
12 here an agreement between your company, Furness Withy,  
13 and the Canadian National Railway as to the carriage  
14 of freight from Halifax and other points and the  
15 agreement, if you remember, was dated the blank day  
16 of blank 1949. Do you today have any agreement with  
17 the Canadian National Railway similar to that  
18 agreement?

19 A. Yes.

20 Q. What is the effect or substance, in  
21 a few words, of that agreement, Mr. Rees?

22 A. In a very few words we have become  
23 an extension of the Canadian National Railway from  
24 Halifax to St. John's.

25 Q. That pertains to your carriage of freight  
26 from Halifax to St. John's?

27 A. In connection with freight. We carry  
28 freight a good portion of it.

29 Q. You say you have a similar type of  
30







1 agreement presently in existence as of today?

2 A. I think it is the same agreement.

3 Q. Similar?

4 A. Certainly similar.

5 Q. For the record, Mr. Rees, is your  
6 company in favour or is your company against restric-  
7 tions being placed on United Kingdom bottoms in the  
8 Canadian coastal trade?

9 A. Well, as a generalization we think it  
10 would be a mistake but in particular we think that it  
11 would be a horrible mistake on the trade between  
12 the mainland of Canada and Newfoundland.

13 Q. You therefore oppose such restrictions?

14 A. Correct.

15 Q. Would you care to say whether your freight  
16 rates in general are higher than or lower than the  
17 freight rates charged by Canadian companies operating  
18 in Canadian registered ships?

19 A. Might I say ---

20 Q. Would you care to say whether the cost  
21 of operating <sup>a</sup> United Kingdom boat is less than operating  
22 a Canadian registered boat?

23 THE CHAIRMAN: That is the second time you  
24 have used the same words in rephrasing your question.  
25 May I say it in another way and in fact have asked  
26 not the same question but quite a different question.

27 MR. HALLEY: Q. I would ask you, Mr. Rees,  
28 whether or not it is a fact that the costs of  
29 operating United Kingdom registered vessels is less  
30 than the costs of operating Canadian bottoms?





1 A. The only specific answer I can give you  
2 to that is that one of our subsidiary companies  
3 purchased four of the Park 10,000-ton ships and the  
4 cost of operating those ships viz-a-viz a similar  
5 British ship, the Canadian ship was quite a little  
6 higher.

7 Q. Mr. Rees, the question has been raised  
8 here that a strike in the United Kingdom might disrupt  
9 British shipping services here without Canada having  
10 any say about it. Have you any comment to make on  
11 this?

12 A. Well, obviously nobody in Canada can  
13 control a strike in England and that possibility  
14 does exist but all these things have two sides, I  
15 think.

16 That brings back to my mind World War I when  
17 all tonnage was requisitioned by the various  
18 Governments and the Warren Line boats were taken  
19 away, one a troop and one a hospital ship and,  
20 incidentally they were both lost, but at the  
21 pleading of the Newfoundland Government and ourselves  
22 we were allowed to keep two ships on the Red Cross  
23 Line, the Fort Amherst and the Fort Townsend,  
24 which were small passenger ships. They operated  
25 continuously right through the war between New  
26 York and Halifax and St. John's and were, in fact,  
27 the only link between St. John's and the mainland  
28 for the whole of that period.

29 Q. Are there presently today to your  
30 knowledge any vessels comparable to the Nova Scotia,





1 the Newfoundland and the Fort Avalon under the  
2 Canadian flag today?

3 A. To the best of my knowledge and belief,  
4 no.

5 Q. And does the money that these boats  
6 earn in the Canadian market -- is that money any help  
7 to the Canadian economy in any manner, directly or  
8 indirectly?

9 A. Of course, the balance of the receipts  
10 in dollars over the expenditures in dollars goes back  
11 to the U. K. and helps the U. K. dollar balance for  
12 purchasing things on this side of the Atlantic.

13 Q. Is there anything else, Mr. Rees, you  
14 would like to bring to the attention of the Commission  
15 in relation to your submissions opposing the  
16 restrictions on U. K. bottoms?

17 A. I don't think so. I think we have  
18 stated our case but if I may, there are two things  
19 I would like to say for the purposes of the record.  
20 Although correction sheets have been sent out, I  
21 believe the more recent distribution of the briefs  
22 have been corrected, in the brief that we put into  
23 the Commission at the beginning there was a mistake  
24 made in Paragraph 9, in the last sentence in the  
25 brief where we state "Any curtailment of our  
26 activities would create additional employment  
27 thus aggravating the situation", etcetera. The  
28 original printing said "employment", so I would  
29 just like to have it in correctly. It should  
30 be "unemployment".







1           The other thing I would like to say is this.  
2       We have heard a good deal about our ships all  
3       through the Provincial hearing. One of the ships  
4       will be in Halifax next Wednesday and if the  
5       Commission is in Halifax and would like to see it,  
6       we would be only too pleased to let them see it.

7           THE CHAIRMAN: We are very anxious to do that,  
8       Mr. Rees, if we get away from the problems long  
9       enough to get down to the wharf./

10          MR. REES: We would be very glad to do that,  
11       sir.

12          BY MR. HALLEY: Q. Your position, sir, is  
13       you do not want the status quo changed and if the  
14       status quo is changed in this respect you want your  
15       present rights recognized?

16           A.       Yes.

17          THE CHAIRMAN: I think we will have a ten-  
18       minute recess now.

19       ---The hearing recessed at 11:15 a.m.

20                   -----

21       ---The hearing resumed at 11:45 a.m.

22          THE CHAIRMAN: Gentlemen, we have been  
23       reassessing our position in so far as time is  
24       concerned. We feel that it is probable that in  
25       an attempt to finish the Newfoundland hearing  
26       in time to catch the six o'clock plane today we  
27       will be pushing the various counsel and witnesses  
28       a little too rapidly. Therefore, the Secretary  
29       has made arrangements to obtain a flight tomorrow.  
30       You will have some time tomorrow if we do not





1 finish this afternoon.

2 MR. MUNDELL: Q. Mr. Rees, in connection with  
3 the stevedoring costs that you paid out, I think you  
4 said the stevedoring and terminal charges would be  
5 what? I have forgotten what the figure was.

6 A. The figure I gave you was the labour  
7 cost but did not include any wharfage charges or  
8 terminal charges. It was straight labour cost.

9 Q. Around \$800,000?

10 A. \$844,000.

11 Q. You were here this morning and heard  
12 the evidence in relation to the unloading of coal.  
13 Would the situation be the same with you?

14 A. We use a larger gang.

15 Q. Larger than the coal gang?

16 A. Yes.

17 Q. What size gang do you use?

18 A. I am not an expert on the condition  
19 in Newfoundland. I think I can say that with  
20 general cargo a gang consists of 32 ordinary  
21 stevedores, a foreman and what is called a sorter  
22 which makes a total of 34 men per gang.

23 Q. That is per hatch?

24 A. Yes.

25 Q. What about the loading and unloading  
26 machinery?

27 A. We use the same gang.

28 Q. Is the machinery that you have for  
29 unloading and loading modern and up to date?

30 A. Practically all the stevedore work





1 I believe is what we call hand operation.

2 Practically no mechanical gear used here.

3 Q. Is there any reason why there should not  
4 be mechanical gear used?

5 A. You had better ask the Longshore Union,  
6 I think. They say "No".

7 Q. In other words you are not allowed to  
8 use it even if you want to?

9 A. Yes.

10 Q. Can you give any estimate of the  
11 charges or cost of unloading, as to what percentage  
12 it would be?

13 A. That is your basic -- we cannot just  
14 give you exact figures -- is a little less than  
15 Halifax, but we do the same perhaps even better  
16 tonnage per hour in Halifax with a gang of 20 or 22  
17 men but using mechanical gear.

18 Q. Are there any restrictions on the  
19 rate of loading or unloading them?

20 A. There is a restriction on the weight  
21 that you can have for a sling load.

22 Q. It is difficult for me to make any  
23 comparison myself but what would be the difference  
24 between the sling load say in Halifax and here or  
25 is it the same restriction?

26 A. I would not like to answer that. I  
27 am not quite certain, but I think the Halifax  
28 unloaders, the basic rate is about 400 pounds  
29 heavier than the St. John's one, I think. That is  
30 not an accurate statement.







1 Q. What would be the St. John's load?

2 A. I think it is 1,800 pounds.

3 Q. Would you say that is a significant item  
4 of cost in carrying on your coasting trade?

5 A. It certainly ups your cost.

6 Q. It is a significant item?

7 A. Yes.

8 Q. Coming to the statement that you made  
9 about the coasting leg in the voyage from Liverpool  
10 to Boston. You mentioned figures and percentages.  
11 I am not sure I got it correctly. Was it 23 per cent  
12 of the total carriage---

13 A. The freight of our combined service is  
14 not a coastal matter.

15 Q. 14 per cent?

16 A. On the passengers---

17 Q. What is that percentage in respect to;  
18 is it cost or weight, value, earnings?

19 A. Oh, weight.

20 Q. Have you any percentage or breakdown  
21 of your earnings from the coasting leg with relation  
22 to---

23 A. No, I have not.

24 Q. That would probably be a more significant  
25 comparison, would it not as to the essentiality of  
26 the coasting leg in the whole service?

27 A. Off hand I would say that would increase  
28 the percentage.

29 Q. In other words the coasting leg is more  
30 profitable than the other branches, is that correct?





1 A. I would not say more profitable but  
2 it would represent a bigger per cent of the total  
3 earnings on trade than it does on the voyage.

4 Q. Would it be possible to obtain a  
5 breakdown of the earnings in relation to the total  
6 earnings?

7 A. Oh yes.

8 Q. For the information of the Commission?

9 A. Yes.

10 Q. I think that might be of assistance,  
11 if you could let us have that?

12 A. Yes, I certainly will do that.

13 Q. Would not the same be true on the  
14 passenger side?

15 A. No, I don't think there would be any  
16 significant portion to that.

17 Q. In any event I suppose we can get the  
18 same percentage on passengers?

19 A. Oh, yes.

20 Q. Would you say that the coasting leg  
21 as an operation was profitable?

22 A. Standing on its own feet, you mean?

23 Q. Yes.

24 A. No. If you cut out all the rest of  
25 the voyage and just confined the voyage to say  
26 Halifax and St. John's and back again, is that what  
27 you mean?

28 Q. Take that for a start?

29 A. No.

30 Q. Its function, I take it, from your





1 point of view -- in saying it is essential to the  
2 whole operation, even if it is not profitable  
3 standing by itself, how is it essential?

4 A. Well, 20 or 25 per cent of your business  
5 is an essential part of it, is it not?

6 Q. If it is not profitable?

7 A. You said standing entirely on its own.

8 Q. It is profitable. You make a profit on  
9 it as part of the whole operation. It is not really  
10 only overhead and cost for the rest of the operation?

11 A. No.

12 Q. Now then, do I understand it you would  
13 pick up freight here, take it to Halifax on this  
14 coasting leg and then some of that, I gather, is  
15 picked up under an arrangement you have with the  
16 railway, is that correct?

17 A. Coming to St. John's, yes.

18 Q. Not going the other way?

19 A. No.

20 Q. And some of it coming to St. John's  
21 would not be picked up, would not be under  
22 arrangement with the railway?

23 A. Correct.

24 Q. How do your rates on cargo which you  
25 get under your agreement compare with the cargo you  
26 do not?

27 A. If it is coming from the same place  
28 your rate is the same. We have freight that  
29 originates in the Maritimes and in the vicinity  
30 of Halifax or St. John which is not combined with







1 any rail setup at all.

2 Q. But when you speak of a rate combined  
3 with the rail setup, suppose I am shipping say from  
4 Moncton through Halifax to St. John's and I go down  
5 to the shipper; what happens, do I get one bill of  
6 lading or two bills of lading?

7 A. You can do it in two ways. You can  
8 either get the railway bill of lading if you send it  
9 down by rail which will carry the stuff all the way  
10 through to St. John's but from Moncton -- Halifax  
11 you get our local bill or lading from Halifax to  
12 St. John's.

13 Q. In the first place whom do I pay for  
14 the water carriage?

15 A. You pay one rate if you ship by rail.  
16 If it is a pre-paid shipment you pay the C. N. R.  
17 agent in Moncton.

18 Q. How do you get paid?

19 A. We have a division arrangement with the  
20 railway.

21 Q. A division of cost?

22 A. A division of rate.

23 Q. Your proportion of the rate in that  
24 deal would be the same as if I had taken it to  
25 Halifax and put it on at Halifax and dealt directly  
26 with you?

27 A. The probability is we would get a  
28 little more if you directed it --. I would think  
29 it is purely local freight emanating from Halifax,  
30 we would not know where it came from.





1 Q. Your proportion of the combined rate  
2 is less than your freight rate then?

3 A. That is a little too much of a  
4 generalization. On purely local freight there is  
5 no rail rate applicable and we have our own set of  
6 rates so you cannot gauge <sup>that</sup> with the railway rates.  
7 For instance you have a shipment originating in  
8 Halifax going on to St. John's by rail, it goes on  
9 a mileage basis.

10 Q. May I put it this way. You ship from  
11 Moncton by railway. You pay the railway A plus B  
12 which will be the rail rate plus the water rate?

13 A. You pay the railway in that case one  
14 rate.

15 Q. That rate would consist of A. plus B.  
16 It would be the total of A plus B, the all-rail  
17 rate to Halifax and the water rate therefrom.

18 A. No, it would be based on the rail  
19 rate from Moncton to St. John's.

20 Q. But you get a proportion?

21 A. Yes.

22 Q. I misunderstood you earlier, I am  
23 sorry. How is that proportion worked out?

24 A. I do not think, Mr. Chairman, I  
25 should be called on to say that. The Railway  
26 Commission did not make the railways divulge  
27 information of through rates. I do not think I  
28 should go into that, at least.

29 Q. It might be necessary that this  
30 Commission know that figure in order to decide

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1 the questions that are before them?

2 A. I think the place to get that would be  
3 the railways. They are much more conversant with  
4 all the ramifications of rail variance than we are.

5 Q. In effect at the moment until otherwise  
6 advised you are not furnishing that to the Commission,  
7 the proportion of the through rates that your company  
8 gets under this arrangement?

9 A. Not at the moment. I would have to  
10 consult the railway before I do that.

11 COMMISSIONER WICKWIRE: Q. Just while you are  
12 on that point, this rate is known as the rail/water  
13 rate?

14 A. Yes.

15 Q. And this rate is higher than your  
16 purely local freight rate or the all-water rate?

17 A. I don't think that is quite correct.

18 Q. Is it the same?

19 A. Speaking generally the rail/water  
20 rates are -- they do exist throughout Canada. They  
21 are really for cargo originating in Quebec and  
22 going west through Quebec.

23 Q. How does that rate compare with  
24 your rate? You mentioned that on purely local  
25 freight we have our own set of rates. Now, how  
26 does that set of rates compare with the rail and  
27 water arrangement under the Canadian National  
28 Railway?

29 A. It would depend entirely where the  
30 traffic originated. For instance, traffic

... ..

relative. It is not much more convergent with

dit dit .





1 originating in Toronto, the rail/water rate through  
2 to St. John's would be very much higher than our  
3 local rate from Halifax to St. John's.

4 MR. MUNDELL: Q. I think you did say earlier  
5 that probably it would be a little lower -- your  
6 proportion of the freight rate would be lower than  
7 your local rate from Halifax?

8 A. You were dealing with something which  
9 originated on the doorstep. If you are talking about  
10 traffic coming from the Toronto area our share of  
11 the rate would be higher, I think, than our local  
12 rates but they are different commodities so there is  
13 no comparison anyway.

14 Q. Your receipts per ton would be higher?

15 A. Oh, it depends where it comes from.

16 Q. Would it be possible there would be  
17 anything more than that explanation of how this  
18 all works?

19 A. I couldn't say it. I am not a rate  
20 expert.

21 Q. But you have put forward the assertion  
22 that this is an essential part of your operation and  
23 I am just pointing this out to you -- I think I am  
24 pointing it out -- that really you have not given  
25 the Commission anything more than an impression as  
26 to its essentiality. I was wondering whether it  
27 would be possible to get something more concrete in  
28 reference to a statistical or earning basis and rate  
29 basis?

30 A. I will give you the percentage on our





1 earnings just the same as I have given you that other  
2 basis. I have not got the figures now. I will get  
3 them out and furnish them.

4 Q. I am a little bit at a loss myself on  
5 this point and I think we will have to think about  
6 that one. About the Conference, the socalled  
7 Conference you say you are now issuing separate  
8 tariffs. The Association is no longer issuing joint  
9 tariffs. Does that result in competition between  
10 you and the other members of the Association?

11 A. Occasionally it does. As far as  
12 Halifax is concerned particularly and as a matter  
13 of fact where there are only two boats running there,  
14 we are sufficiently friendly that we do not cut each  
15 other's throats.

16 Q. How would your two costs compare or  
17 would you have any idea?

18 A. I have not any idea at all what their  
19 costs are.

20 Q. But you have the same rates so in  
21 effect it may be an elimination of competition,  
22 is that correct?

23 A. No, because either of us are completely  
24 free to go and do anything we want. We tell the  
25 other one if we have done it. If we did not tell  
26 him in a small town like Halifax, it would not take  
27 them long to find out anyway.

28 Q. I see. You are completely free to do  
29 it, but you don't?

30 A. We do not have to tell each other.





1 Q. But you compete whether or not there  
2 are competitive rates between the two of you?

3 A. We try to stick to our tariff and not  
4 chop and change it very often. We like to give  
5 everybody the benefit of the same rate. At the same  
6 time we do not quote somebody who has a 1,000-ton  
7 cargo a lower rate than somebody who has got 100 tons  
8 of the same commodity.

9 Q. You are the only two?

10 A. In the summer.

11 COMMISSIONER WICKWIRE: Q. Is the other one  
12 Newfoundland-Canada?

13 A. Yes.

14 MR. MUNDELL: Q. Mr. Rees, I believe you said  
15 you had purchased four Park steamships and that you  
16 found them more costly to operate. What registry  
17 were they under in your operation?

18 A. They were then under the Canadian  
19 flag.

20 Q. And are they still?

21 A. Since we have sold three of them. We  
22 have one that has now been transferred to the British  
23 flag.

24 Q. Have you any idea of the cost of  
25 operation under the British registry in comparison  
26 to what the same vessel was under the Canadian  
27 registry?

28 A. It is a little hard to compare  
29 because you have an increase in costs even under  
30 the British flag since we ceased operating under







1 Canadian flag but in very round figures, as I remember,  
2 our daily cost under the Canadian flag was -- this is  
3 a few years ago -- in the neighbourhood of \$900 to  
4 \$1,000 a day and a comparative British ship, the same  
5 cost would have been then 140 to 150 pounds.

6 Q. That was pre-pound devaluation?

7 A. No, that is when the exchange was  
8 roughly about \$3.

9 Q. You cannot give any comparison on the  
10 same vessel pre and post U. K. registration?

11 A. I have not got that with me.

12 Q. The difficulty is that these figures  
13 are given as being for comparable vessels and when  
14 we get down to them we find they are not the same.  
15 We would be happy to have a chance to compare the  
16 same vessel?

17 A. Well, the daily cost of that particular  
18 ship today under the British flag is between £100 and  
19 £120 a day. What it would be if she was under the  
20 Canadian flag I do not know because we have not got  
21 any Canadian flag ships.

22 Q. \$800 or \$900 per---

23 A. Yes.

24 Q. When did she go under U. K. registry?

25 A. Roughly three years ago.

26 Q. It would be possible, I suppose,  
27 to get the figures immediately before and immediately  
28 after?

29 A. Yes. I have not got them here now.

30 Q. No, I was wondering if it would be





1 possible to get your daily cost of operation  
2 immediately before and within a reasonable period  
3 after?

4 A. Yes, I can do that very easily.

5 Q. Which would be, I take it, comparable.

6 A. It would be the same ship.

7 Q. Was she operating on the same runs?

8 A. No, not on the same runs but that would  
9 not affect the crew and that sort of thing.

10 Q. Well, the capital cost would be included  
11 with your daily cost of operation including anything  
12 for repairs and supplies, amortization?

13 A. No.

14 Q. This would be purely operating dis-  
15 bursements really?

16 A. No. The way we run our daily cost is  
17 wages, feeding, insurance, management and an allowance  
18 for repairs.

19 Q. That would then give, apart from the  
20 capital cost, a fair comparison of the same  
21 vessel under the two registrations?

22 A. Yes.

23 Q. The figure you have given for repairs,  
24 I believe it was five-some-thousand?

25 A. No.

26 COMMISSIONER WICKWIRE: And supplies.

27 MR. MUNDELL: Q. Repairs and supplies?

28 A. 115,000 for repairs and stores.

29 Q. Can you tell us what percentage of  
30 that is repairs?





1 A. Last year repairs, all of which have  
2 been done in Halifax, were \$37,000. The year before  
3 it was 131. This year I have not got the figures  
4 yet but it will be---.

5 Q. Do you customarily repair here or  
6 do you repair in the U. K.?

7 A. On the two Red Cross ships we customarily  
8 do it over here and the Warren Line ships in the  
9 U. K.

10 Q. The Red Cross ships do not run there,  
11 do they?

12 A. No.

13 Q. In connection with the four vessels  
14 you have operated here where are your crews recruited?

15 A. In the United Kingdom.

16 Q. Under what terms of duration?

17 A. Well, the Liverpool ships being home  
18 ever six weeks or so they come under the scheme in  
19 effect at the time and now which is in effect  
20 continual employment, ordinarily what is known as  
21 pool. The minute they get home automatically they  
22 sign off, which is required under British law and  
23 then they volunteer -- if they want to sign on  
24 again they volunteer and they are on continual pay.  
25 The two Red Cross ships, the basic articles are  
26 two years.

27 Q. What happens when a man signs on  
28 when you sign him on in Liverpool? The vessel  
29 is not there. He is brought out, is that it?

30 A. Well, the present crews, as a matter







1 of fact we sign them on the ships in England till  
2 we sent them home about a year ago roughly but  
3 normally when we want replacements for the Red Cross  
4 ships, they are signed on in England on a sort of a  
5 blanket agreement and then sign the actual ship's  
6 articles when they get to this side. They are on  
7 pay from the time they leave England till they get  
8 back.

9 Q. They could be on one line and moved  
10 over to the other one?

11 A. Yes.

12 Q. If they were signed on here you  
13 would send them back?

14 A. We are obligated to send them back.

15 Q. Where are they paid, here? Do they  
16 get paid in England?

17 A. They are paid a credit over here in  
18 cash but most of them are married so they leave in  
19 most cases a certain amount out of their pay to their  
20 wives, which is paid in England to the wife and then  
21 they can draw out of the balance of their wages  
22 at the various ports of call and then there is a  
23 general sort of settling up about once a month.

24 Q. One thing was puzzling me. You said  
25 which  
26 you sent two ships, were on the local run home about  
27 two years ago. What would that be for?

28 A. Well, it was a private reason of our  
29 own, as a matter of fact. We had a slight argument  
30 with the British union so we sent them home to  
start again.





1 Q. Sent them home?

2 A. We had a slight argument with the British  
3 Seamen's Union so we sent them home to start all over  
4 fresh.

5 Q. How do you account for the fact there  
6 are not more vessels competing with you in  
7 establishing another scheduled run between St. John's  
8 and Halifax?

9 A. I suppose the other owners think they  
10 can make more money elsewhere.

11 Q. Do you think you have got them beaten  
12 into the ground?

13 A. No, I wouldn't say that.

14 Q. Do you think they can make more money  
15 somewhere else?

16 A. Yes.

17 Q. Do you think that a line operating  
18 Canadian owned vessels could compete with you?

19 A. I do not think they could compete  
20 successfully on the same type of voyages we have.  
21 I think the Newfoundland-Canada make a little money  
22 out of it. They have two identical cargo ships.

23 Q. They are Canadian registered?

24 A. Yes.

25 Q. They are competing with you to this  
26 extent anyway apparently both charge the same rates  
27 and you are both still in business?

28 A. Yes.

29 MR. GERITY: Q. Mr. Rees, my friend did not  
30 ask you but on these ships, you speak of the Red





1 Cross ships, are they paid English wages or Canadian?

2 A. They are paid somewhere between the two.  
3 They get a bonus over and above the English wage,  
4 as a matter of fact, the whole time.

5 Q. Do you find it is difficult to get men  
6 to come out here on two-year Articles?

7 A. We have not found it so far.

8 Q. I think it is proper to say that this  
9 is the first year that England has ever faced a  
10 shortage of seamen, is that so?

11 A. That is true.

12 Q. To what do you attribute that?

13 A. Partly to the very full employment  
14 ashore in England and partly I think the Merchant  
15 Marine has built up again, and partly some of the  
16 youngsters are not so keen on going to sea as they  
17 used to be.

18 Q. Of course, if employment falls off,  
19 I suppose, the men would be readily available again?

20 A. Yes.

21 Q. But you personally have had no difficulty  
22 getting men out here on two-year Articles?

23 A. No.

24 MR. GERITY: I think, Mr. Chairman, we were  
25 interested in that point in Ottawa.

26 Q. Your company is on record here as  
27 opposing any change or restriction in the Canadian  
28 laws applicable to coastal vessels. If I were  
29 to suggest that this Commission recommend your  
30 company be given a license to carry on this trade,







1 would you then oppose any restriction in the laws  
2 of Canada?

3 A. I think we would. I do not like the  
4 term "license". A license is something that can be  
5 revoked on very short notice.

6 Q. That may be so, but your company is  
7 not interested in any other trade than this one,  
8 is it?

9 A. Not at the present time.

10 Q. You have not any plans, I suppose, to  
11 enter into the Great Lakes lakeboat trade?

12 A. No. We are in the Great Lakes trade  
13 from an international point of view.

14 Q. I realize that, but at the present time  
15 your company has no particular intention of getting  
16 into the bulk trade?

17 A. No.

18 Q. I think you have agreed with my friend  
19 that it does cost more to operate a Canadian ship  
20 than one of yours?

21 A. Yes.

22 Q. Have any of your ships ever carried out  
23 major repairs in Canada?

24 A. Well, at least, fairly substantial  
25 ones anyway.

26 Q. All things being equal, would you  
27 prefer to have them done in the United Kingdom or  
28 on this side of the water?

29 A. Well, there again you have the question  
30 of costs. You get the cost involved in taking the





1 ship home and bringing her out again as against the  
2 saving you would make by having the repairs done at  
3 home, and also very often there is a time element  
4 involved.

5 Q. If the repairs are of the category  
6 that needed parts would you normally postpone them  
7 for a time say in the United Kingdom?

8 A. I believe that as far as the Red Cross  
9 ships are concered we try to clean them up as far as  
10 parts are concerned and the outstanding damages over  
11 there.

12 Q. What class ships are the Red Cross  
13 ships?

14 A. They are ships---

15 Q. What are they, 10,000 ton, 7,000 ton?  
16 What type vessel are they?

17 A. The Avalon is 4,700 dead weight  
18 approximately and the Fort Hamilton 3,160 dead weight.

19 Q. Where were they built?

20 A. In England.

21 Q. They are modern vessels, I take it?

22 A. Oh yes. The Hamilton is an older  
23 ship than the Avalon.

24 Q. As a matter of opinion, Mr. Rees, you  
25 have been in the shipping business for 43 years,  
26 would you say that there was a different problem  
27 in the Great Lakes to that on the East Coast of  
28 Canada as far as this Commission is concerned?

29 A. I think so.

30 Q. You think so?





1 A. Yes.

2 Q. You have spent all your life in the  
3 shipping business?

4 A. Yes.

5 MR. HUNT: Q. How long have you been in Canada,  
6 Mr. Rees?

7 A. Since the beginning of July, 1945.

8 Q. What is your Canadian office?

9 A. Montreal.

10 Q. Have you in the past ten years obtained  
11 a knowledge of Canadian ships and the Canadian shipping  
12 problem?

13 A. A good deal.

14 Q. Do you know the Canadian shipping  
15 industry yourself?

16 A. Yes.

17 Q. You have given in your evidence that  
18 the Newfoundland and the Nova Scotia were built  
19 specifically for the Newfoundland trade. Can you  
20 give any details of that, sir?

21 A. Well, we wanted ships that were about  
22 as large as we could make them and still be able to  
23 readily navigate in and out of St. John's Harbour  
24 which has a fairly narrow entrance and that sort  
25 of thing and the experience gained from ships we  
26 operated a long time ago, and that is two ships of  
27 the same name as these two and these were commissioned  
28 and this was about apparently the size of ship for  
29 the run, the passenger accommodation and with  
30 respect to the requirements of cargo capacity.







1 Q. Does your history of association with  
2 the Newfoundland trade, do you think, qualify your  
3 company to deal with Newfoundland trade better than  
4 any other company could?

5 A. We certainly have had more experience  
6 on it.

7 Q. Do you think that would be a factor  
8 in giving Newfoundland sufficient service?

9 A. I would modestly say "Yes".

10 Q. The Furness Red Cross Lines, the  
11 Avalon and Hamilton, were they built specifically  
12 for the trade as well?

13 A. The Avalon was, not the Hamilton.

14 Q. I understood from the evidence yesterday  
15 it was dedicated for carrying pulpwood or paper  
16 products to the United States?

17 A. Newsprint.

18 Q. To the United States of America?

19 A. Yes.

20 Q. From your knowledge of the Canadian  
21 shipping industry obtained since 1945, are there  
22 any ships presently available which could replace  
23 these vessels in the present service, if necessary?

24 A. There is certainly nothing that can  
25 replace the two Warren Line ships. There are other  
26 ships under the Canadian flag which could substitute  
27 for the Red Cross ships, I think, certainly not as  
28 well as the Avalon but they would be makeshift  
29 affairs.

30 Q. Over the years has any other company,





1 any English company, exhibited an interest or  
2 actually gone to you to obtain information about  
3 entering into that trade, into the Newfoundland trade  
4 in the same manner as you operate here?

5 A. No. The only one I can recollect is  
6 going back well before World War II when the  
7 Newfoundland - Canada people, who were then giving  
8 a small passenger service themselves, approached us  
9 to see whether we could help them out and use one  
10 of our services but that was not for the Canadian  
11 trade. They wanted to trade in the West Indies.

12 Q. Do you know of any company which  
13 could effectively give service here in Newfoundland  
14 now at the present time?

15 A. They would have to build special  
16 ships for it.

17 Q. The vessels operated by Newfoundland-  
18 Canada, you said, they were obtained, as I under-  
19 stand it at a good price. Can you tell the  
20 Commissioners the use these vessels were put to  
21 before entering this service?

22 A. As I understand it they were both  
23 ex-Navy ships. Whether they were minesweepers  
24 or something like that.

25 Q. Fighting ships as against cargo ships?

26 A. Yes.

27 Q. And obtained from the Canadian Govern-  
28 ment?

29 A. No, they were -- the Department  
30 supplied it through Irvin interests and Newfoundland-





1 Canada bought them from Irvin.

2 Q. You gave the percentage of freight  
3 which you take from Halifax to St. Johns? Can you  
4 give any idea how much of that is moved on a rail  
5 bill of lading?

6 A. No, I cannot.

7 Q. Can you say whether it was a substantial  
8 part of it?

9 A. I would say it was a very substantial  
10 part of it.

11 Q. I believe that the Canadian National  
12 Railway control the rate for that?

13 A. Correct.

14 Q. You have your division with them but  
15 they control the gross amount that is charged the  
16 consumer here?

17 A. Yes.

18 Q. I understand, sir, about that division,  
19 you do not wish to divulge it as it is an agreement  
20 with the Canadian National Railway and you wish to  
21 ask their consent before you go into that?

22 A. Correct.

23 Q. Can you tell me at this point whether  
24 you get more from that revenue than you would from  
25 direct shipments?

26 A. Traffic that originates in a  
27 specific place in both cases?

28 Q. No sir. Supposing that a shipment  
29 of canned goods originated in Moncton on a C. N. R.  
30 bill of lading going through Halifax and you loaded

... was a very substantial

part of it.

I believe that the Canadian

Railway control the rate for that?

Correct.

You have your division with

amount that is charged

consumer here

Yes.

I understand, sir, about that

you do not wish to divide

the Canadian National Railway and

their consent before you do that

Correct.

Can you tell me of that

you get more from that

part of the

...

...

...

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...

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...





1 that at Halifax and at the same time you loaded a  
2 similar shipment that was put on a Furness Withy  
3 bill of lading at Halifax, which would give the most  
4 revenue?

5 A. In <sup>that</sup> <sub>^</sub> particular case I think the revenue  
6 would be the same.

7 Q. On that specific item?

8 A. Yes.

9 Q. Can we have any generality on that, sir,  
10 not restricting yourself to any particular class of  
11 goods?

12 A. I will put it into very general terms.  
13 If it was on our local traffic out of Halifax we  
14 would probably get a little bit more than we would  
15 if it originated as a rail rate far away.

16 Q. As against that, I presume you have the  
17 full cost of solicitation for some local freight  
18 with  
19 whereas <sub>^</sub> the Canadian National Railway there is no  
20 solicitation whatsoever?

21 A. Well, I cannot say that we -- for  
22 instance, we do a good deal of solicitation and  
23 we pick up a good deal of cargo ourselves although  
24 it is often you have to lift the bill of lading.  
25 By doing that we insure that we get that carriage  
26 from Halifax and not somebody else.

27 Q. On this shipment are you paid by the  
28 Canadian National Railway for the goods that you  
29 ship all-rail?

30 A. Yes.

Q. You referred to the rail/water rate





when Mr. Wickwire asked about a shipment from Moncton.

Is that rail/water rate exactly the same as the all-rail rate?

A. Yes.

Q. Just going back a moment, Mr. Rees, you do solicit freight on the mainland in the Central Provinces and I presume that you do get uncollected freight at the same time?

A. Oh, yes.

Q. This shortage of sailors in England, you say there are three reasons for that: the expansion of vessels owned by British operators, the full employment ashore and the younger persons are not going to sea?

A. That is right.

Q. But you have had no difficulty in obtaining sailors for two-year Articles on this side?

A. We have not yet.

Q. Do you find that sailors who have been with you over the years have left you?

A. We find that by and large they are very apt to stay with the group of companies. They will switch from ship to ship but they seem to stay with the family pretty well.

Q. They do stay with the trade and you are having no difficulty?

A. No, we are having no difficulty at the moment.

Q. Do your rates from Halifax to St. John's vary in the winter and summer?





1           A.       Our local rates are the same all the  
2 year around but during the summer when the C. N. R.  
3 have summer competitive rates in, those rates apply  
4 for Halifax and it affects us in that way.

5           Q.       Would you be free to say whether your  
6 division is affected?

7           A.       The amount of money we receive is  
8 affected. The division is the same.

9           Q.       The same percentage?

10          A.       Yes.

11           MR. HICKMAN: Q.   Just one question arising  
12 out of the questions that Mr. Hunt asked you, Mr.  
13 Rees. You have told us, Mr. Rees, that the Fort  
14 Avalon on the Red Cross Line carries a general  
15 cargo in the coasting trade, and you have told us  
16 that it carries paper for Bowaters from Corner  
17 Brook to the United States. I would just like to  
18 ask this question. Does the general cargo in the  
19 coasting trade of the Fort Avalon have any effect  
20 on the rate you charge Bowaters for taking their  
21 paper from Corner Brook to the United States?

22          A.       If you had to move a ship up under  
23 ballast and the ship was not at Corner Brook we  
24 would require more money where if it was going up  
25 anyway that is another story. We would not have  
26 to have more money.

27          Q.       So therefore I take it a more  
28 attractive rate is given if you are engaged in  
29 the coastal carriage trade?

30          A.       Yes.







1 .MR. HUNT: May I ask how long the  
2 Newfoundland-Canada has been in operation from  
3 Halifax?

4 THE CHAIRMAN: You do not have a Newfoundland-  
5 Canada witness.

6 MR. HUNT: I am sorry, Mr. Chairman.

7 THE CHAIRMAN: Well, ask him.

8 MR. HUNT: Q. How long, can you say, the  
9 Newfoundland-Canada Steamships has been in business?

10 A. All I can tell you I know from my own  
11 knowledge they were operating well before World War II.

12 MR. MUNDELL: May I ask one further question,  
13 Mr. Chairman?

14 THE CHAIRMAN: Yes, proceed.

15 MR. MUNDELL: Q. I was wondering if you could --  
16 you have given us this cost percentage of your cargo  
17 that you pick up in Halifax. Now, on the all-rail  
18 or through the bill of lading with the railway what  
19 percentage is that; would you know that?

20 A. I do not know it off hand.

21 Q. Would it be possible to ascertain that?

22 A. All I can say is that the rail bill of  
23 lading business is a very substantial proportion  
24 of what we take out of Halifax.

25 Q. You cannot be more precise than that,  
26 50 per cent, 75 per cent, 90 per cent? Is it the  
27 majority?

28 A. I would say it is more than the majority.  
29 It is a very good percentage.

30 MR. HALLEY: That is the only witness for





1 Furness Withy. The information about which Mr. Rees  
2 was asked and which he promised to supply the  
3 Commission will be filed.

4 ---The witness retires.

5 SUBMISSIONS OF NEWFOUNDLAND-GREAT LAKES STEAMSHIPS CO.

6 MR. MUNDELL: I think, Mr. Chairman, subject  
7 again to your direction we would call the Newfoundland-  
8 Great Lakes Brief.

9 MR. ROWNTREE: Mr. Chairman, do you wish to  
10 start now or after lunch?

11 THE CHAIRMAN: No, we will start now. We  
12 will proceed for half an hour.

13 MR. ROWNTREE: May it please you, Mr. Chairman,  
14 and Members of the Commission, in appearing for the  
15 Newfoundland-Great Lakes Steamship Limited, there  
16 are several pertinent facts to which I should  
17 draw the Commission's attention.

18 In the first instance the company itself is  
19 incorporated. It was incorporated pursuant to the  
20 laws of Newfoundland late in 1948. It is a wholly  
21 owned company. It is wholly owned, with the  
22 exception of qualifying directors' shares,  
23 by Canadians. The President and the chief  
24 executive officer of the company and the principal  
25 shareholder is Mr. Charles H. Treganza.

26 The company came into being after discussion  
27 with the Canadian Maritime Commission at the time  
28 that Newfoundland was negotiating with the  
29 Dominion of Canada as to the Terms of Union.  
30 The Company commenced its operations in the spring





1 of 1949.

2 In the operation of the company chartered  
3 vessels are used. In 1949 in the first year of  
4 operation two vessels of Canadian registry were  
5 used. Unfortunately the results, however, of that  
6 arrangement were unsatisfactory and included in  
7 that situation was the high cost of the Canadian  
8 registered ships which were chartered.

9 In 1950 three vessels of United Kingdom  
10 registry were placed in service for the entire  
11 season of navigation and the regular service  
12 operated by the company since then has been provided  
13 by vessels of United Kingdom registry with the  
14 exception of isolated circumstances when no United  
15 Kingdom vessels were available and the company was  
16 forced to charter for short periods vessels of  
17 Canadian registry.

18 Now, I refer to the brief which was filed  
19 on behalf of the Newfoundland-Great Lakes Steamships  
20 Limited and in particular to page 3 of the brief,  
21 paragraph 7d in which we ask this Commission in  
22 making its findings to take note of the spirit  
23 of the Maritime Freight Rates Act.

24 If I may address myself to that point briefly.  
25 In his evidence on cross-examination yesterday the  
26 executive manager of the Maritime Transportation  
27 Commission has given the background of that  
28 particular piece of legislation. The purpose of  
29 our reference in the brief to this matter is to  
30 draw the attention to the similarity between the







1 problems presently facing the Province of Newfoundland  
2 and those which face the other three Maritime  
3 Provinces and which led to the Duncan Commission in  
4 early 1926.

5 Our submission is that the conditions facing  
6 the Province of Newfoundland today are similar to  
7 those which faced the other three Maritime Provinces  
8 some years ago and in that situation Parliament  
9 recognized the need for low freight rates in the  
10 Maritimes and enacted the legislation with respect  
11 thereto.

12 We asked this Commission to take note of that  
13 legislation in connection with the matter presently  
14 before this Commission and to find that low  
15 transportation costs are essential to Newfoundland  
16 and in support of this finding recommend that the  
17 continued use of United Kingdom registered ships  
18 be permitted.

19 References have been made, possibly indirectly,  
20 to the peculiar characteristics as to the transporta-  
21 tion problems in Newfoundland. It is the sincere  
22 belief of this company that during the period of  
23 its operations in the Newfoundland-Great Lakes  
24 trade it has made a very real contribution, without  
25 the aid of subsidy to the welfare of Newfoundland  
26 as a Province and indeed to Canada, not only in the  
27 carrying of goods and commodities to and fro  
28 Newfoundland but also has exerted a restraining  
29 influence on the general freight rates level to  
30 and from Newfoundland.

... of the ...

... and in fact ...

... the legislation with respect to ...

... take note of that ...

... in connection with the ...

... and the fact that ...

... essential to ...

... that the ...

... and ...

... the ...



1 Now, without further reference to the brief,  
2 Mr. Chairman, I wish to state that this company has  
3 never engaged in nor is it presently interested in  
4 the carriage of what might be described as loose  
5 bulk cargoes, such as grain, iron ore and coal and  
6 I have described those commodities in the terminology  
7 or phraseology having in mind the definition which  
8 exists in the Statutes pertaining to all bulk cargoes.

9 This company, as a rule, does not engage in  
10 international traffic between Canada and the United  
11 States on the Great Lakes but it has carried  
12 occasional cargoes between the two countries and  
13 the relatively few cargoes which have been carried  
14 only consisted of scrap metal, scrap iron, and those  
15 cargoes were carried between the ports of Chicago,  
16 Illinois and Hamilton, Ontario.

17 I make further reference to the brief sub-  
18 mitted in paragraph 7b which reads as follows --  
19 asking the Commission to find as a fact that: "The  
20 use of vessels of United Kingdom registry has  
21 benefited the people of Canada and the Maritimes in  
22 stabilizing the freight rate levels."

23 Now, I would like to make a correction  
24 with respect to the phrase "in stabilizing freight  
25 rate levels". What was intended in place of those  
26 words is as follows "the existence of regular  
27 water service, which has been provided by this  
28 company, has had the effect of reducing trans-  
29 portation costs during the season of navigation  
30 to the benefit of the people of Newfoundland and





Canada."

1 It is also a fact, Mr. Chairman the carrying  
2 capacities of the three vessels presently under  
3 charter and operated by this company are limited  
4 in so far as the Great Lakes' traffic west of the  
5 present St. Lawrence Canal with its 14 foot draught  
6 is concerned. Our vessels are capable of drawing a  
7 deeper draught and it is for that purpose on the  
8 eastbound trip to Newfoundland additional cargoes  
9 are loaded, if they are available, with a view to  
10 what is called "topping off".

11 Before proceeding with the evidence of Mr.  
12 Treganza, there is one point which I would like to  
13 address myself at this time. It has been said with  
14 respect to class rates and many statistics have been  
15 filed with respect thereto and invariably examples  
16 have been drawn from the various exhibits. I wish  
17 to state this to the Commission, that in the course  
18 of business, quotations of rates are made under the  
19 guise of headnotes and classes, rates in the  
20 individual classes or commodity rates, but the  
21 average rate derived is somewhere in between the  
22 fourth and fifth class. The bulk of cargoes  
23 carried and booked for this particular rate are  
24 negotiated on what may be described as a commodity  
25 basis.

26 THE CHAIRMAN: You are not giving evidence,  
27 Mr. Rowntree. You can make submissions. The  
28 evidence given yesterday was to the contrary that  
29 with the rest of Canada the Newfoundland trade about  
30









1 80 per cent of the freight was carried---

2 COMMISSIONER WICKWIRE: 90 per cent.

3 THE CHAIRMAN: 90 per cent was carried on the  
4 class rate and not the commodity rate. Now, if you  
5 are to use the word "bulk" whatever that means,  
6 I suggest you had better put in some evidence.

7  
8 (Page 907 follows)  
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1 MR. ROWNTREE: Very well, I will adduce this  
2 in evidence. I will now call Mr. Charles H. Tregenza.

3  
4 CHARLES H. TREGENZA, called

5 BY MR. ROWNTREE:

6 Q. Mr. Tregenza, you are the President  
7 and senior executive officer of Newfoundland-Great  
8 Lakes Steamships Limited?

9 A. That is correct.

10 Q. You have heard the introductory remarks  
11 that I have made?

12 A. I have.

13 Q. Are the facts contained therein correct?

14 A. They are.

15 MR. ROWNTREE: Before proceeding further,  
16 Mr. Chairman, I wish to correct a figure which is  
17 contained in the exhibits and brief filed by the  
18 Province of Newfoundland wherein they show the  
19 total tonnage figures for this company as some  
20 47,000 tons last year both including eastbound  
21 and westbound and the exhibits state that some  
22 35,000 tons of that total was eastbound and the  
23 balance west. Investigation into the company's  
24 records reveal that the figures should be 27,188  
25 tons eastbound that the balance westbound.

26 MR. ROWNTREE: Q. Are those figures correct?

27 A. That is now correct.

28 Q. Mr. Tregenza, I propose to direct  
29 some questions with respect to markets as they  
30 exist today and as they may later exist following





1 the completion of the St. Lawrence Waterway. Would  
2 you please in the first instance describe the three  
3 vessels which are presently chartered and operated by  
4 you?

5 A. The three vessels that are operated by  
6 us are as follows. One, the Motor Vessel Lunan --  
7 when I say motor vessel, I mean a diesel operated  
8 motor vessel, dead weight 1,310 tons, 226 feet long,  
9 35 feet 3 inches beam, cubic 70,000 -- cubic feet  
10 bale. I will describe bale later if necessary. The  
11 speed of that vessel is eleven and a half knots.  
12 Two, the Motor Vessel Perth, dead weight 1,420 tons,  
13 237 feet long, 38 feet beam, 86,000 cubic feet bale,  
14 speed eleven knots. Third, the Motor Vessel Dundee,  
15 dead weight 3,000 tons, 258 feet long, 42 feet 6 inches  
16 beam, cubic 175,000 bale. Speed 12 knots.

17 The Motor Vessel Dundee was delivered in the  
18 Spring of 1954 and has of the total cubic I  
19 mentioned 45,000 cubic feet of refrigerated space  
20 in six different compartments with the possibility  
21 of three different temperatures. She has extremely  
22 large hatches throughout and has 'tween decks.  
23 As far as I know this particular ship is as large  
24 a type of ship that can go through the St. Lawrence  
25 Locks or the largest of these types that goes through  
26 the locks. She has some passenger accommodation,  
27 three twin cabins with showers and toilets and a  
28 lounge and a small bar.

29 She has two specially constructed tanks  
30 the like of which I do not think exists in any other

The following table shows the results of the survey conducted in the year 1900. The table is divided into two main sections, one for the year 1900 and one for the year 1901. The first section, for the year 1900, shows the results of the survey conducted in the month of January. The second section, for the year 1901, shows the results of the survey conducted in the month of February. The table is organized into columns, with the first column containing the names of the individuals surveyed, the second column containing the dates of the surveys, and the third column containing the results of the surveys. The results are presented in a clear and concise manner, allowing for easy comparison and analysis of the data.





1 boat that I know of. One of these tanks is of  
2 stainless steel which was installed for the  
3 specific purpose of handling Newfoundland fish oil  
4 of an edible nature, very high priced and rather  
5 valuable, which ships in the Newfoundland field  
6 would be helpful in selling to markets so we are  
7 now enabled to handle this quite bulky commodity in  
8 packages which had previously not been the case.

9 This ship also has a tank for the carriage  
10 of fish solubles, just what fish solubles are I am  
11 not too sure except we must maintain a temperature  
12 in this particular tank during its entire transit  
13 of 150 degrees to permit the carriage of this  
14 particular cargo in proper shape.

15 The tons to which I have referred in these  
16 vessels of their dead weight are tons of 2,240 pounds.

17 Q. Where are those vessels registered?

18 A. All three ships are registered in  
19 Dundee, Scotland and are manned by Scots. I might  
20 just interject that -- I cannot speak too highly --  
21 I am not saying this in any way by comparison -- I  
22 cannot speak too highly of both the Scot officers  
23 and men that travel with these ships between  
24 Newfoundland and the Great Lakes.

25 Q. On what basis does your company  
26 acquire these ships?

27 A. We charter these ships from a  
28 Scottish company on what is termed a gross form  
29 basis. That is we pay so much per day for the ship,  
30 the ship furnishing the crew and food and we, in





1 addition to that charter, hire or buy bunkers which  
2 we purchase in Canada, the price of which I will give  
3 you later and up to this year these three ships have  
4 returned to Scotland at the end of each year's season  
5 of navigation on the Great Lakes with cargoes from  
6 Canada and in the Spring they come back again and go  
7 up the Great Lakes. This winter, however, the Dundee  
8 will remain here and when the navigation on the St.  
9 Lawrence is closed she will carry frozen fish from  
10 the South Coast seaports of Nova Scotia to Providence,  
11 Rhode Island with other cargo in her other spaces.

12 Q. Mr. Tregenza, have you ever used  
13 Canadian flag ships, and if so, would you describe the  
14 circumstances?

15 A. We have used Canadian flag vessels  
16 occasionally and only did so when we had any  
17 emergencies in our operations between Newfoundland  
18 and the Great Lakes. That is except for the first  
19 year when we did charter two Canadian vessels.

20 Q. How did it work out?

21 A. Well, in answer to that question I  
22 think before we get into how did it work out, I  
23 think we should clear up for the Commission the  
24 situation in as far as Canadian flag vessels which  
25 are available at the present time and which can  
26 operate between Newfoundland and the Great Lakes.

27 Q. Would you describe those vessels  
28 which are presently available then?

29 A. As you know the journey from  
30 Newfoundland to the Great Lakes involves transit





1 by these vessels through 28 locks between Montreal  
2 and Kingston in the St. Lawrence and the only ships  
3 that can do that today are what are generally referred  
4 to as canallers. These canallers were designed and  
5 built specifically to carry the maximum draught or  
6 the maximum dead weight all through these locks,  
7 the limit of which I think you have heard is 14 feet,  
8 or 14 feet three inches. The maximum overall length  
9 is 259 feet and the maximum beam is 43 feet 6 inches  
10 because of the inland or controlling lock width of  
11 45 feet.

12 Now, in reaching for this maximum carrying  
13 capacity with such a shallow draught and with the  
14 limitations in the beam and length every possible  
15 bit of weight was sacrificed in making these ships  
16 to the point that they are not strong enough to go  
17 out into the open lakes and the builders found one  
18 place to sacrifice was to reduce the power and make  
19 it necessary to operate them in protected waters  
20 where they can stand in in heavy waters. These ships  
21 run generally only at a speed of 8 knots per hour  
22 in their ordinary weather. When the weather gets  
23 very bad they have to -- I think the word is --  
24 heave to, or go to port. What is called the block  
25 coefficient of the ship is very bad or great. Their  
26 design is very blunt and almost square on the bottom.

27 The pilothouse is almost in every case  
28 smack up in the bow which is excellent for a  
29 canaller but which is in the worst place for deep  
30 sea navigation. They were really designed for I would









say carrying grain and like commodities through these restricted canals. That is why the grain elevator was built at Prescott and the grain brought down in large lakers and trans-shipped to these canallers for transport to Montreal.

All of these ships have existed for the last 35 or 40 years except for a few -- five or six which were built in Canada by the Hall Coporation since the last war, but the design is the same.

With the exception of the Canada Steamship Lines package freight side port vessels, which you have heard referred to in the evidence here, and two side port vessels of the Northwest Transportation Company, all these canallers are top hatch loaded with the top hatches being on the top deck.

In many cases these canallers do not have any loading or discharging gear. They have no booms or winches. Those that do have loading gear are restricted to -- with the exception of one or two -- what we refer to as single boom or single rig ships.

On these ships you can only work two gangs doubled rigged or four gangs single rigged. On the single rigged one boom is used to lift and then it is swung up by manpower over the side of the vessel and then lowered. This is bad for cargo as far as damage is concerned. It is not too good, from my own standpoint, of danger.

Q. Would you tell the Commission how these side port package freighters work? What is the significance of the side port?





1           A.       Well, I think that mainly because it  
2 apparently has been referred to here before, but  
3 as far as I know there is nothing before the  
4 Commission to differentiate side port ships from the  
5 canallers.

6           As I referred to a side port ship, such as  
7 are used by the Canada Steamship Lines -- I may stand  
8 correction later -- is nothing but a canaller with  
9 ports or holes through the side where the freight is  
10 taken in on to the 'tween deck and also lowered into  
11 the lower hold by an elevator in the ship. The freight  
12 is received on docks at lake ports and placed in  
13 pallets. The pallets are piled in sheds and when  
14 the ship comes in, fork lift trucks go to the sheds,  
15 pick up the pallets and run them in through the side  
16 ports and stack them in the boat leaving the freight  
17 on the pallet or lowering both the fork truck and  
18 the pallet into the lower hold in the ship and  
19                               and  
20 stacking them there<sub>^</sub> at the destination that procedure  
21 is reversed.

22           Q.       Have you any comments to make on that  
23 type of operation?

24           A.       Without question this is the most  
25 efficient and economical way of handling cargo by  
26 a vessel through the protected waters over which  
27 these vessels operate but absolutely impossible  
28 for use between the Great Lakes and Newfoundland  
29 for the following reasons; one, we cannot use side  
30 port vessels of this type in open rough waters or





when waters get into the vessels through the side port, Two, the freight must be stowed solidly and braced in the holds of vessels on the journey from the Great Lakes to Newfoundland for the particular reason of trans-shipping east of Montreal. When freight is stowed in the side port vessels there is always some space between the freight and the pallets. I have not seen any freight that is loaded to the exact edge of the pallet so that if these ships were out in the rough waters the freight in them would be a shambles when it got to St. John's.

The last reason is a local reason. The stevedores in St. John's as you have heard the previous witness say, will not allow the use of mechanical equipment such as a fork lift truck unless -- and this is a very recent development, it is a type that men cannot handle and then they will allow boats with mechanical equipment to move it if the men themselves cannot move it.

Q. Mr. Tregenza can you tell the Commission what Canadian lake ships are available for the Newfoundland-Great Lakes route?

A. It narrows down, as far as the Canadian ships which we can use from the Great Lakes, to a canaller; not the side port vessel with the limited gear that I have described. Certainly it was never designed for the package freight trade as we know it with no 'tween decks, very poor gear, underpowered and from my experience, very expensive.







1 Q. Are there any other factors?

2 A. A very important factor, which again  
3 comes under the headnote of expenses, is that for  
4 these ships, in comparison to the ships of Commonwealth  
5 registry which we now use, after September we must  
6 pay an extra premium for insurance to come to these  
7 waters on not only the boat but also on the hull and  
8 that is borne by us.

9 Q. Are there any Canadian registered  
10 ships available for this route other than you  
11 mentioned as described by you?

12 A. There are two or three small Canadian  
13 vessels which physically could come up the Great Lakes.  
14 You heard one of them mentioned by a witness yesterday  
15 named the Patricia Sweeney. I think she could come  
16 up the Great Lakes. There is another small Canadian  
17 vessel which we had, to which I have not referred,  
18 in Newfoundland called the St. Adresse. We tried  
19 one trip and would never try it again. There is  
20 another ship called the Ahern Trader which we used  
21 from Montreal on a trip or two. When we figured  
22 the cost of it, its small carrying capacity it  
23 was very impracticable to use these small ships  
24 in coming up the Great Lakes.

25 Q. Can you tell the Commission how the  
26 improving or deepening of the St. Lawrence Waterway  
27 will change this picture?

28 THE CHAIRMAN: I think we are entering a  
29 new topic and I think we had better adjourn until  
30





C. H. Tregenza

916

two-thirty.

---The hearing adjourned at 1:05.p.m.

- - - - -





--- On resuming at 2.42 o'clock P.M. on Wednesday,  
27th July, 1955.

THE CHAIRMAN: Continue, please, Mr. Rowntree.  
MR. ROWNTREE:

Q. Prior to the recess at the noon hour we had completed the evidence with respect to the situation as it presently pertains and my next question is directed to the witness: Can you tell the Commission what effect the completion of the new St. Lawrence Seaway will have upon this Newfoundland-Great Lakes trade route?

A. So far as the use of Canadian flag ships as compared to British flag ships in this trade, I cannot see that it will make any difference whatever because of the fact that whatever improvements are made in Canadian flag ships, deep draughts and so on, they are identically the same for British flag ships; so, the cost advantages would be the same, if not even greater for the British flag ships.

Q. What do you say as to the ability of Canadian shipyards, have you any comment on that?

A. There is no question whatever that Canadian shipyards can build ships for this waterway as of today and for future waterways, without question, but certainly -- Well, the evidence has shown at an increased capital cost of at least 50 percent.

Q. Have you any comment with respect to Canadian crews?

A. There is no reason why Canadian officers and Canadian men cannot operate in these waters just as well; but again, according to, I think, a very







1 fine piece of evidence this morning, where the  
2 Furness Withy witness stated from practical experience,  
3 at an increased cost of 100 percent.

4 Q. Now, what do you say, Mr. Tregenza --

5 COMMISSIONER WICKWIRE: I do not recall any  
6 100 percent figure mentioned this morning.

7 A. Mr. Wickwire, the questions asked of  
8 Mr. Rees of a certain vessel that he operated under  
9 the Canadian flag and the stated that the costs were  
10 \$900 per day. He was asked/<sup>what</sup>the cost of that same  
11 vessel was when it was transferred to the British  
12 flag and he stated £160 per day, which is \$448.

13 MR. ROWNTREE: Q. Mr. Tregenza, that is  
14 operating cost, is it not?

15 A. I assume that is the operating cost.

16 Q. Have you any comment or information  
17 with respect to capital cost of vessels in Canada?

18 THE CHAIRMAN: He has just given it a few  
19 minutes ago, at least 50 percent.

20 THE WITNESS: That is operating cost. I beg  
21 your pardon; that is 50 percent.

22 MR. ROWNTREE: Q. Have you any comments,  
23 Mr. Tregenza, with respect to the size of future  
24 vessels after theseaway's completion?

25 A. For what purpose?

26 Q. In the trade in which you are interested.  
27 Newfoundland-Great Lakes.

28 A. That is a very difficult question to  
29 answer because when we spent a great deal of time  
30





1 in trying to design this Dundee, the conditions  
2 which influenced us at that time have changed and  
3 I used to say, "What is --"Is the question, the  
4 ideal size or proper size for the Great Lakes-  
5 Newfoundland trade? It is a big question, depending  
6 on the needs of the Newfoundland merchants for a  
7 frequency of service. The general merchants in  
8 this area are purchasers on a small inventory.  
9 I think Mr. Cheeseman indicated something to that  
10 effect. Therefore, it has been our experience that  
11 a frequency is desired that would not lend itself  
12 to any larger ship than the Dundee, irrespective of  
13 how deep the canal or how wide it was or how big it  
14 is. To answer that, if the cost is a big question,  
15 we might say, if we were again doing what we did,  
16 the size in my opinion would not be a great deal  
17 different; it certainly would not be any larger  
18 than the Dundee.  
19

20 Q. Does your company receive any assistance  
21 in its operations, any financial assistance from any  
22 source?

23 A. Outside of my own pocket book, no.

24 Q. Is your company a member of any steam-  
25 ship conference?

26 A. No, never was.

27 Q. Has it ever had any connection with  
28 Associated Newfoundland Lines?

29 A. No.

30 Q. Would you care to comment, Mr.Tregenza,





1 with respect to the financial side of your company  
2 or the operating results of your company?

3 A. For the period of years which we have  
4 operated we end up, let us put it this way, as of  
5 the end of the last fiscal year, considerably worse  
6 off than when we started. Is that an answer?

7 Q. Thank you. Have you any information  
8 which might be of assistance to the Commission with  
9 respect to your financial results from your experience  
10 in the use of Canadian registered ships?

11 A. In the emergencies in which we had to  
12 put on Canadian registered ships, with one exception,  
13 each trip was operated at a loss. The last one was  
14 the Wellandoc, in the fall of 1953, when the loss,  
15 without overhead, was \$9,000 for the trip. We only  
16 took the ship on charter from Port Colborne and  
17 delivered it at Sydney.

18 Q. What was the duration of the charter?

19 A. I don't remember. I would say it  
20 was 20 days.

21 Q. In the brief which your company filed,  
22 on the first page, paragraph 2(c), reference is  
23 made to the purchase of bunkers, provisions and  
24 other supplies. Would you tell the Commissioners  
25 of any relationship which exists between you and  
26 the owners of your vessels?

27 A. Any relationship?

28 Q. Do you occupy any position in respect  
29 to them?

30 A. No. You mean as an officer of their







1 company?

2 Q. No. Well, as an officer of the company?

3 A. No.

4 Q. Does your company perform any functions  
5 for the owners?

6 A. Well, we act in the Great Lakes as  
7 what might be termed agents for them and look after  
8 the purchasing of their supplies, pay their bills  
9 and generally look after the ships in much the same  
10 manner as if they were our own.

11 Q. Do you have any information or  
12 statistics or amounts which are spent on their  
13 behalf?

14 A. Yes, I have.

15 Q. Would you care to deal with them under  
16 the headings of bunkers, provisions, and so on?

17 A. Well, the bunkers, of course, we buy  
18 without the cover, as I stated when I stated the  
19 form of charter; but we disperse in Canada for  
20 their account the following amounts: In 1952  
21 \$43,000. In 1950 --

22 Q. What was that allocated to?

23 A. Food, sundry expenses for the ship,  
24 in the way of, I suppose, rope and paint and  
25 sundries, I haven't the details. Some repairs,  
26 some drydock where necessary. In 1953, \$66,238.  
27 In 1954 \$137,526. Do you want the bunkers?

28 Q. Please.

29 A. We paid to a Canadian Oil company  
30 for fuel for the ship - it has been referred to





as "bunkers" it is a diesel oil used in the diesel engines of the ship: 1952, \$36,957; 1953 \$45,497; 1954, \$55,693.

Q. Have you any additional information along this line which might be helpful?

A. As to the expenditures --

Q. Yes.

A. -- in Canada which are made incidental to operating this line?

Q. Yes, sir.

A. In 1954 --

Q. What does this refer to?

A. The total expenses for what we term terminal operations - that is, operating the collection of freight on the docks in Hamilton and Toronto, and loading it into the ships and our costs at St. John's including terminal operations here, stevedoring, wharfage, delivery, not delivery off the dock but getting it from the dock to the truck, this doesn't include any trucking charges in St. John's - \$393,110. Now, in addition to that, we paid out in 1953, in Ontario and Quebec a total of \$79,000. In 1954, however, that was reduced to \$57,000. I think that is, Mr. Rowntree, the amount of - That does not include any expenses for what we term overhead for our offices and office staffs who are on our permanent payroll in Hamilton, Toronto, Montreal, and, a very small staff in St. John's, in addition to the agency who gets most of this money for that operation in St. John's.

Q. What methods does your company use to





secure business, what is your set up for that?

1           A.       We have followed a very active, what  
2           is termed, solicitation staff. That staff in St.  
3           John's is about, I would say, one and a half man,  
4           meaning one man is exclusively on that work here and  
5           another man part time. In Hamilton, and working out  
6           of Hamilton, we have one solicitor. Out of Toronto,  
7           two. Out of Montreal, again, one and a half. And,  
8           I do a lot of work myself. That covers travelling  
9           all over Ontario and calling on people and listening  
10          to their problems in trying to get freight to  
11          Newfoundland cheaply and in a better manner.

12                Q.       One of the previous witnesses made  
13          reference to the shipment of potatoes, I believe, out  
14          of the maritime provinces on the mainland. Have you  
15          had any experience with respect to shipment or move-  
16          ment of potatoes?

17                A.       I have visited personally, Prince  
18          Edward Island on two or three occasions because of  
19          representations to us in Ontario by produce merchants  
20          as to whether they could not get their potatoes up  
21          from Prince Edward Island by water, which had never  
22          been done, certainly in my experience, and I visited  
23          there and talked to the Prince Edward Island Potato  
24          Producers Association. Then, through that we booked  
25          one boat load of potatoes from Prince Edward Island  
26          to Toronto on one of our westbound trips. That had  
27          no sooner been done than the railroads worked out  
28          an agreement with the Prince Edward Island Potato  
29          Growers Association whereby they reduced the rate  
30







1 on the so-called, as I understand it, Agreed Charge  
2 basis, under which no potatoes could be shipped out  
3 of Prince Edward Island to Ontario anywhere by water;  
4 so, we are out of that business.

5 Q. Have you any comments or information  
6 with respect to the movement of pig iron? I was just  
7 taking a commodity and you may or may not have that  
8 information?

9 A. During the experience you have in trying  
10 to run a little steamship line like this, you are  
11 figuring on lots of things, and we did close a ship-  
12 ment of the pig iron from Buffalo to Sydney recently.  
13 But, I think what is of more interest, is a movement  
14 of pig iron which we have been, in my opinion, solely  
15 successful in commencing the purchase on the Canadian  
16 mainland. There is a firm in St. John's, Newfoundland,  
17 the only one as far as I know, who buys pig iron in  
18 their work. They have bought some pig iron in years  
19 past on the mainland but in the last few years they  
20 have purchased this pig iron, I think, in Belgium or  
21 Holland or England. Since I have been here this week  
22 we have had conversations with this firm, and due to  
23 a somewhat reduced rate, these people have been able  
24 to purchase their pig iron in the immediate future in  
25 Hamilton, Ontario. They tell me that if it had not  
26 been for this reduction, of about \$7.00 per ton --  
27 \$5.00 per ton which we gave them, that that purchase  
28 would have been made in Europe. I am sorry to deprive  
29 our friends of business across the ocean but that is  
30 on to the mainland. I think I would like to get that





1 into the record mainly following, somewhat in a dis-  
2 connected manner, a question that was asked before as  
3 to whether we belonged to any Conference or whether  
4 we are affiliated with any group. We are not and that  
5 I hope proves it. The deal was made here in St. John's  
6 with myself and the buyer alone.

7 Q. Now, Mr. Tregenza, a previous witness  
8 gave evidence with respect to the amount -- the  
9 proportions of rail traffic which moved by class rates  
10 on the one hand, and commodity rates on the other.  
11 Have you any information on that point with respect  
12 to your operation?

13 A. That refers, I think, to the testimony  
14 that Mr. Matheson gave yesterday, at which time, I  
15 think it is in the record, he stated that on rail  
16 traffic from the mainland to Newfoundland it was his  
17 opinion that 90 percent of such traffic moved on class  
18 rates and 10 percent on commodity rates. Is that right?

19 Q. Yes.

20 A. Our experience has been quite the  
21 contrary. Our experience has been -- I have no figures  
22 to substantiate this but it is my information that  
23 75 percent of the traffic which moves eastbound on  
24 our line moves on what is commonly termed commodity  
25 rates and not over 20 or 25 percent moves on the class  
26 rates.

27 Q. Is there any significance to be attached  
28 to that situation?

29 A. Well, a water carrier is supposed to be  
30 the final method for the low priced traffic -- to be

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1 used for that low priced traffic. A railroad deals  
2 exclusively, shall we say, by the book. In other  
3 words, everything the railway carries is carried under  
4 Canadian Tariff Classification or its published  
5 commodity tariffs. I think there is a much less  
6 tendency for a railroad to be subjected to shipper  
7 pressure to put in cheaper rates than ourselves who  
8 are, one, unregulated, and two, have no possible  
9 chance not to give the shipper a commodity rate if it  
10 looks as if he deserves it.  
11

12 Q. Why would a commodity rate be quoted as  
13 against a class rate?

14 A. Oh, Mr. Rowntree, you get into rate-  
15 making when you get into the answer to that. It is  
16 a play on words, in a way. Anything that comes out of  
17 the class rate schedule and there is any kind of a  
18 special deal or a special rate or a special publication  
19 automatically, I think, is termed a commodity rate.  
20 I am not too qualified on that.

21 Q. Let me ask you this: If it is so that  
22 your company in its operations from its inception to  
23 date has suffered an overall loss, why do you continue  
24 in business?

25 A. Well, I may have to reach into the  
26 vernacular for that, it is like a gambler hoping some  
27 day he will make up his losses and the luck will  
28 change. I do say, seriously, that there has been  
29 a difficulty of continued building up of this line  
30 due to many, many, conflicting and changing situa-  
tions. When we planned the Dundee it looked a lot









1 different than it does today. At that time we hadn't  
2 gone through the period of 1954 when the railroads  
3 pulled the plug out of the freight rate structure  
4 and pulled these rates far below what we had ever  
5 pulled them. At that time it didn't seem there was  
6 a danger of legislation being enacted to prohibit  
7 the use of United Kingdom ships in the Canadian  
8 coastal trade. I do not know, but I have a feeling  
9 that the trade in Newfoundland is growing and is  
10 bound to grow. I think with a little patience on  
11 our part, a little tolerance on the part of our com-  
12 petitors, and a little delay, if there is any legis-  
13 lation, we will make up our losses and carry on.  
14 Also, as you said earlier, I think we have been doing  
15 a job here. I think if the average shipper or  
16 receiver in this area was asked he would confirm that  
17 and I think it is our business to carry on if we  
18 possibly can.

19 Q. Thank you.

20 MR. GERIN-LAJOIE: Q. Mr. Tregenza, could you  
21 tell the Commission first -- did I understand correctly  
22 that you are employing Scottish personnel on your  
23 ships?

24 A. I don't directly employ the Scottish  
25 personnel, they are employed by the owners of the  
26 ships.

27 Q. Do you have absolutely nothing to do  
28 with the terms of employment?

29 A. We have nothing to do with the terms  
30 of employment, except should the conduct of an





officer be such that he becomes objectionable we have the right to ask for his replacement.

Q. Now, since you charter the ships by the day, would you tell me if they are fully loaded, both when they are eastbound and westbound?

A. Not always.

Q. Could you give the Commission an idea of to what extent they are or are not?

A. Percentage-wise?

Q. First of all, are they fully loaded when they are eastbound?

A. Fortunately this year, Mr. Gerin-Lajoie, they are fully loaded eastbound.

Q. And what about westbound this year?

A. This year we have taken a contract with the North Star Cement Company of Corner Brook, under which I think I can modestly say we enabled them to secure a contract in Detroit, Michigan, and made us fully loaded westbound, except the Dundee, and this year we are only running her west with 1,300,000 pounds of frozen fish, approximately.

Q. What would be the full capacity of the ship?

A. The ship, in addition to the frozen shipments - that is the capacity of the refrigerated section - in addition to that she has approximately 120,000 cubic feet, and that is sometimes used for fish meal by the same people that ship the frozen fish, and that does not, of course, go in the refrigerated section.





1 Q. Fish meal?

2 A. Fish meal; that is a by-product.

3 Q. Is it canned?

4 A. No, it is bagged and used in the cattle  
5 feed business.

6 Q. In the past few years, let us say last  
7 year, were your ships almost as fully loaded as this  
8 year or was the situation substantially different?

9 A. There are times that we turn a ship  
10 light because she is late that might have picked up  
11 a cargo, but we try as far as possible to get some  
12 cargo westbound. In 1954 we were not so successful.  
13 We had a cement contract in 1953 which didn't turn out  
14 in 1954 and at that time we were catch as catch can  
15 on westbound.

16 Q. Can you tell the Commission how your  
17 rates are determined? Is it in accordance with your  
18 costs or in accordance with competition?

19 A. Sometimes that has been a puzzle to me.  
20 Our rates eastbound, so-called commodity rates, are  
21 largely a matter of shipper negotiation.

22 Q. That negotiation must take place on  
23 some basis, on some comparative basis.

24 A. We try to determine, if possible, what  
25 the competing factors are; but right from the start  
26 it has been a question of sitting down, and I think  
27 we are probably a little unique in this, we have  
28 heard criticisms of the failure of transportation  
29 companies to talk over transportation problems with  
30 the shipper and more or less name the rates and say







1 there they are, it has always been our policy where  
2 possible, to sit down with a shipper, and you can  
3 learn more if you treat the shipper right, what your  
4 competition is, than if you try to find out yourself.  
5 I can take an example: One of the biggest shippers of  
6 canned goods from the mainland to Newfoundland is a  
7 firm like Canadian Canhners Limited, who have 129  
8 factories in Canada. One of the first acts I did was,  
9 when I started in this business, to sit down with  
10 their traffic department and try to determine a fair  
11 rate to them and a fair rate to me. That has been  
12 carried on each year and discussed with that shipper  
13 and the rates set each year.

14 Q. Are your rates any different if you are  
15 assured of a cargo back or not?

16 A. No, that is not possible, to change the  
17 eastbound rates or fluctuate them depending on the  
18 very unknown quantity of westbound freight.

19 Q. Now, in your brief --

20 A. Except, if I may finish this, at the  
21 end of the year when we find out what the position is,  
22 the next year we may try to correct it by raising the  
23 eastbound rates.

24 Q. I believe you have to take into account  
25 competitive rates?

26 A. We have never attempted to get more than  
27 the competitor yet.

28 Q. Now, if I may --

29 THE CHAIRMAN: What is that "more than we can  
30 get"?

35. 92. H

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and maintain you will be able to find them in the year 1999.



1 COMMISSIONER WICKWIRE: "More than a competitor  
2 yet".

3 MR. GERIN-LAJOIE: Q. If I may refer to page  
4 4 of your brief, you mentioned the importance of your  
5 trade for one, as a dollar earning factor for Britain.  
6 Could you give the Commission any idea of how important  
7 that is in dollars to the dollar earnings of Britain?

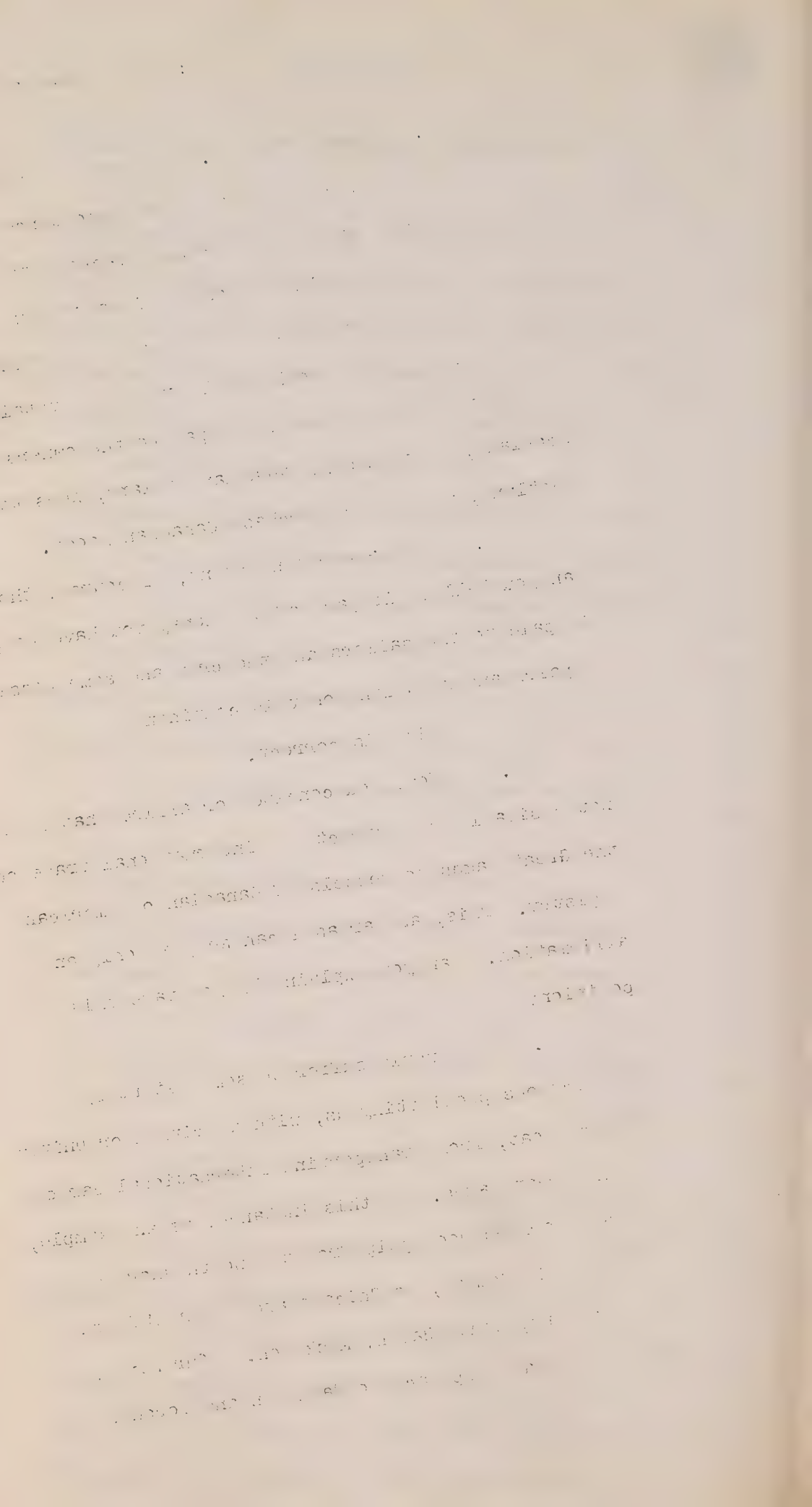
8 A. All I could tell you is the total  
9 amount of the charter-hire we pay to the owners in  
10 Scotland, which money, Canadian dollars, goes to  
11 Scotland, we hope to purchase Canadian goods.

12 Q. To a certain extent, of course, those --  
13 Can you tell me if part of the money you have to pay  
14 is paid to the sailors and the crew and some possible  
15 repairs and refueling on this continent?

16 A. That is correct.

17 Q. Now, you conclude or affirm that it is  
18 not desirable to restrict the international trade on  
19 the Great Lakes to vessels of Canadian or American  
20 registry. This, as far as I can see, is only an  
21 affirmation. Can you explain why you take this  
22 position?

23 A. We would suffer to some extent by  
24 restrictions prohibiting us, with a British or United  
25 Kingdom boat, from transporting international cargoes  
26 on the Great Lakes. In this instance, as an example,  
27 we have carried wood pulp from the north shore of  
28 Quebec, Baie Comeau, to Chicago and other Michigan  
29 destinations, South Haven, Muskegon. Our next job  
30 is to get that ship back to Hamilton and Toronto to





1 fit it in to its advertised berth, sailing for  
2 Newfoundland. We try, if we have the time, to move  
3 ore from Chicago or Milwaukee, from that area, back  
4 to Hamilton or Toronto. Fortunately, when we have  
5 been there we have been able to pick up a cargo of  
6 scrap iron on two or three occasions for Hamilton,  
7 Ontario. It paid for that leg of the journey. I  
8 admit this is somewhat isolated but in the proposed  
9 restrictions we would have to sail in ballast from  
10 Chicago to our next port of loading, Hamilton,  
11 without any cargo and that expense or that ballasted  
12 trip would naturally end up somewhere in our losses.

13 Q. If, and it is "if", the Canadian  
14 coasting trade were restricted to Canadian registered  
15 vessels, in that instance would you see the same  
16 objection to restricting Canadian-United States trade  
17 in the Great Lakes to Canadian and American vessels?

18 A. You are suggesting under the abrogation  
19 of the British Commonwealth agreement?

20 Q. That is right.

21 A. That that be cancelled?

22 Q. In that particular instance I am putting  
23 forward it would be cancelled and the coasting trade  
24 of Canada would be restricted to Canadian registered  
25 vessels.

26 A. Under those circumstances, at the rate  
27 we charge today, no steamship could operate.

28 Q. That is a different problem which has  
29 to be considered separately.

30 A. That is my problem.









1 Q. If that were the case, it is hypothetical,  
2 would you have the same objection to restricting  
3 international trade within the Great Lakes to Canadian  
4 and American vessels?

5 A. You mean, if some miracle would happen  
6 that I could continue in operation with Canadian flag  
7 vessels at the costs shown here?

8 Q. Not necessarily at those costs, but if  
9 all shipping companies were on the same footing?

10 A. And the railroad?

11 Q. That is a problem which would have to be  
12 taken into account. If we take the hypothesis where  
13 you would still be in business, would you have the  
14 same objection? I am trying to consider this as a  
15 separate problem.

16 A. Mr. Gerin-Lajoie, under those circum-  
17 stances I could only operate Canadian flag vessels.  
18 Therefore, how could there be any objection.

19 Q. That is what I wanted you to say. It  
20 is only a hypothesis, I want you to understand quite  
21 clearly that what I have in mind is nothing more than  
22 that. Now, you had a few words to say about the  
23 present Canadian canallers, which you say are not as  
24 well fitted as your own ships, the ships you operate  
25 for the time being, for the type of trips you do.  
26 Have you any idea of whether the canallers we may  
27 have when the St. Lawrence Seaway is completed might  
28 be in a position to operate efficiently in the same  
29 line as you are?

30 A. You mean the canallers as they exist





1 today?

2 Q. No, as they may exist in the future.

3 A. When the canal is improved and  
4 deepened there will be no further need for the so-  
5 called canallers.

6 Q. Do I understand you to say in that  
7 particular case within a few years ships operating  
8 on the St. Lawrence River will be in a position to  
9 compete, costs apart, with your company for this  
10 particular trade?

11 A. I have made it very clear that Canadian  
12 ship builders and Canadian seamen can put on ships to  
13 operate on this trade at a cost.

14 Q. Can you tell the Commission to what  
15 extent you have your ships repaired in Canada at the  
16 present time, or do you not have anything to do with  
17 the repairing of the ships?

18 A. If a ship gets into trouble and something  
19 must be done it is done in Canada. I don't think there  
20 is any question but if that ship can be repaired so  
21 that it can, in the winter, return to England and be  
22 repaired cheaper, that is what happens.

23 THE CHAIRMAN: Q. Repairs are carried out which  
24 are necessary to be done to keep the ship operating,  
25 nothing more than salvage, just to keep it afloat?

26 A. I wouldn't like that to get into the  
27 record, Mr. Chairman, that we --

28 Q. I am asking you, it depends on your  
29 reply whether it goes into the record or not.

30 A. Repairs are needed to put the ships in





1 a continued seaworthy condition, to properly transport  
2 our cargoes under our insurance policies and under  
3 the hull policies carried out in this country under  
4 the supervision of Lloyd's.

5 COMMISSIONER WICKWIRE: Emergency repairs.

6 A. Right.

7 Q. Emergency repairs.

8 MR. GERIN-LAJOIE: Q. There was a particular  
9 point which was brought out during the first hearings  
10 in Ottawa and I would like to have an expression of  
11 opinion from you on this: It has been said that  
12 British registered ships might be called back to  
13 Britain at any moment, let us say, if a national  
14 emergency existed. Would you consider this, as a  
15 Canadian citizen, as being a serious inconvenience to  
16 Canada, not to have any control on its merchant marine?

17 A. I could only refer I think, Mr. Gerin-  
18 Lajoie, to the experience in the last war, where if  
19 and when that situation happens all shipping comes  
20 under governmental control and they do what they see  
21 best and I have no control over it.

22 THE CHAIRMAN: Q. Who does what, who does --

23 A. Who does what to who?

24 Q. Who does what to who; you say they do  
25 what they think best; I say who is this "they"?

26 A. Mr. Chairman, under those circumstances,  
27 as I understand it, the government takes over.

28 Q. What government? Mr. Gerin-Lajoie  
29 has pointed out your ships would be under the control  
30 of someone outside the Dominion of Canada altogether









1 and might well be, in the considered opinion of  
2 somebody else, not within Canada, needed on a trade  
3 between the Suez Canal and South Africa, which would  
4 leave the position between Newfoundland and the rest  
5 of Canada in a dire state.

6 Is not that your point, Mr. Gerin-Lajoie?

7 MR. GERIN-LAJOIE: Quite right, Mr. Chairman.

8 A. That is true.

9 Q. And I am asking, as a Canadian citizen,  
10 do you consider this would be a serious handicap to  
11 Canada and a situation the Commission should consider  
12 obviating as much as possible?

13 MR. HUNT: I believe there is a NATO agreement  
14 covering that, that the ships would be used by the  
15 countries best able to use them. I believe that  
16 agreement exists.

17 MR. GERIN-LAJOIE: I believe it is a question  
18 of policy by the Government of Canada and this question  
19 has to be studied by your Commission, whatever it is.

20 THE CHAIRMAN: I think it is one of the most  
21 cogent submissions made to us as far as the necessity  
22 of maintaining a merchant marine in Canada is con-  
23 cerned.

24 THE WITNESS: I do not feel, Mr. Gerin-Lajoie  
25 that I can base an opinion on a hypothetical situation  
26 involving --

27 THE CHAIRMAN: It is a hypothetical situation  
28 which has occurred twice since 1914.

29 MR. GERIN-LAJOIE: Q. You see, Mr. Tregenza,  
30 I am not trying to be embarrassing in any way,

H. T. ...

... on a ...

... as a ...

... and ...

MR. HUNTER: I believe there is a ... agreement exists.

MR. GORDON: I believe it is a ...

... agreement exists.

MR. GORDON: I believe it is a ...



1 everyone has their own point of view, the government  
2 of Newfoundland, people from other parts of Canada;  
3 so I am trying to obtain opinions on opposing points  
4 of view so we can reconcile everything. I am trying  
5 to obtain from you an opinion as to the possibility of  
6 reconciling two different opinions, yours and an  
7 opinion by some other people.

8 A. It is a big question. I am not trying  
9 to be evasive, I assure you, I just rather object to  
10 projecting myself into a future war and saying what  
11 might happen. This question, as we all know, is  
12 involved in your studies, what would Canada do if  
13 the United Kingdom ships were withdrawn from the  
14 service. There is no secret, that is the question,  
15 what would we do. What would I, as a company, do;  
16 what would Canada do? I don't know.

17 Q.. Do you consider this as an important  
18 question, what would your company do and what would  
19 Canada do if your ships are British registered?

20 A. These United Kingdom ships, in previous  
21 wars, as I understand it, were called home, if my  
22 memory serves me correctly. Also, Canadian flag  
23 ships were taken out of Canada and put into other  
24 trades. Patterson ships were taken out of Canada.

25 Q. They were under the control of Canada,  
26 though.

27 A. No, sir, that was an overall British  
28 and Canadian agreement under which Canadian ships  
29 were taken to Trinidad to handle the bauxite ore.

30 THE CHAIRMAN: Q. How was it done?

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1           A.       As I understand it was an agreement  
2 between the British government and the Canadian  
3 government.

4           Q.       Then, the Canadian government was a  
5 party to it. I thought from the first part of your  
6 answer you were saying that at some time since the  
7 Statute of Westminster United Kingdom authorities  
8 had taken over Canadian ships, and I thought that  
9 had not happened for 50 years before the Statute of  
10 Westminster. The ships that you charter are in the  
11 position that the only control over them exercised  
12 in Canada is a civil contract which you have and which  
13 can be overborne at the snap of a finger by English  
14 wartime legislation or order, and there is no control  
15 over them in Canadian hands. Now, this problem has  
16 come up in other areas and it seemed to me, as I  
17 listened to it, that in this province or in Newfound-  
18 land it is a most vital problem because your whole  
19 case is that the Canadian registered ships, through the  
20 Canadian National Railways tie-up with them, are  
21 utterly incapable of servicing the Newfoundland demand.  
22 If the Canadian ships with the railroads fail, the  
23 few of them that are in existence, if they should go  
24 out of existence because they cannot compete, then  
25 the vital traffic to and from Newfoundland is left  
26 controlled by someone outside of Canada altogether  
27 and in the case of an emergency that is the situation.  
28 I have been thinking of it as a straight problem of  
29 the Province of Newfoundland because they are more  
30 vulnerable than any other place in Canada, in that









1 they have a greater need for a water link, and a  
2 company operating a water link; and that need would  
3 become even more important in time of emergency.

4 A. Then, Mr. Chairman, and I am not being dis-  
5 respectful in any way, if Mr. Smallwood were here he  
6 would probably say it was a great mistake for  
7 Newfoundland to join Canada.

8 Q. That is one problem I cannot find within  
9 our terms of reference.

10 A. I would be glad to carry on and do the  
11 best I can, Mr. Gerin-Lajoie.

12 MR. GERIN-LAJOIE: Q. I wonder if you have any  
13 opinion on this particular point. If you say you do  
14 not, the Commission will accept your statement as such?

15 A. Don't you think experience would be the  
16 only thing, based also on the unknown in the future.  
17 I don't know. If Great Britain takes our ships al-  
18 together, we are out of business, unless some provision  
19 is made for the people of Newfoundland to live. Whether  
20 Canada does something in an emergency, as I do in an  
21 emergency, I take a Canadian ship.

22 Q. The problem is this: What could the  
23 Canadian Government do if the ships are under the  
24 control of another government, which might send the  
25 ships, as the Chairman says, to the Suez Canal or  
26 anywhere else in the world, what would the Canadian  
27 Government do and the people of Newfoundland?

28 A. Maybe by that time the William Carson  
29 will be in service and everything will be all right.

30 THE CHAIRMAN: Well, Mr. Rees pointed out

and I am not being dis-

... Mr. Gaudin, and I am not being dis-

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something that is relevant, that during the last war they were left with a portion of their fleet to carry on, sort of an emergency holding traffic, and their big ships were transferred to the other side for use over there. I suppose it is a possibility that some similar arrangements would be well nigh inevitable in future emergencies. However, that is within the control of someone outside of this Dominion, if I may use such an old-fashioned word. Are we content, and are the citizens of Newfoundland content, to have a vital link in their economic life within the control of someone outside of Canada?

MR. GERIN-LAJOIE: Q. Now, Mr. Tregenza, if we may pass on to a different aspect of the problems which this Commission is considering. Do you know anything about the so-called "Conference Lines" we have heard about today and yesterday in this room?

A. Yes, I have heard about them.

Q. Do you know about the existence of this Conference, have you been invited to join?

A. I have never been invited to join. As a matter of fact, quite the contrary; so far as the so-called Conference lines are concerned, I think I am a bad boy.

Q. Would you care to say why or would you rather not say?

A. Because our rates have been, generally, for the past seven years of operation always lower than the Conference lines.

Q. Have your rates been lower than any





other line operating, let us say, from Montreal to Newfoundland?

A. We never did stop at Montreal until 1953. The rate, as I understand it -- I don't personally get too much into rates except where I have a shipper in St. John's crying on my shoulder, as it was this week. The rates, as I understand it, being charged by our line from Montreal are about the same, if not the same as other rates.

Q. Would you care to explain why you have been considered as a bad boy, for the reason you mentioned?

A. Not that. Up until that time we ran exclusively out of the Great Lakes and did not stop at Montreal. The Conference lines, or associated lines, whatever they were, Clarke, Blue Peter, Furness, Newfoundland Canada, operated out of Montreal and out of Halifax; and their rates were, I think, identical with each other. Out of the Great Lakes our rates were lower than any combination, as far as I remember, under any circumstance.

Q. Can you explain how it is your rates from the Great Lakes are different to the other companies and your rates from Montreal are identical to the other companies?

A. It is quite a long story but I will try to be brief. Our rates from the Great Lakes up until 1954 were lower than any other form of transportation from that area to Newfoundland, as far as I know. In 1953, our first year of stopping









at Montreal, we were probably tolerated by these associated lines or ignored. In 1954 --

Q. Does it matter to be ignored? I am not quite sure what you have in mind. If you are not ignored by the shippers that is a most important aspect to you.

A. No. They did not ignore us commencing with 1954. The railroads and Clarke pulled the rates down out of Ontario far below what our lowest rates had been, or below what our lowest rates had been; but they did not reduce the rates in any like proportion out of Montreal. There is no other conclusion to be reached but that they did not ignore us any longer and they were out to get us. That, I think, is absolutely proven by the fact that they only reduced these rates from the territory to which we had previously confined ourselves; but they did not reduce the rates from Montreal. Therefore, they were shooting at us.

As an example of that, and I do not know whether it has been submitted before, in the spring of 1954 the railroads and the lines from Montreal reduced the rates on canned goods from Toronto to Corner Brook to 83 cents per hundred pounds, but left the rate on canned goods, the same item, carried in the same boats, from Montreal to Corner Brook at \$1.25.

Now, this leads up to the answer to your question: Why are our rates lower from Toronto than from Montreal?

Q. And the same from Montreal to Newfoundland?

And the same goes for the following:



A. We did not feel --

Q. Is it a difference in policy?

A. Correct.

Q. Why is there any difference in policy?

A. Because we had to go down in the Great Lakes when this very low rate structure was put in, to meet it; but we did not have to go down from Montreal, and we did not go down because during that period when these extremely low rates were put into effect it was more or less a question of not going down on anything unless we had to go down and we did not have to go down from Montreal. That situation has not been corrected and Mr. Matheson's evidence, I think, showed it very clearly, that the rates from Toronto are still lower.

Now, who starts this and who finishes it, I am not too sure, except that we were down lower, and as a result, the rates were brought down lower as a result of our low rates, the rates from Ontario are brought down lower than us.

Q. Would you say there is - the situation is not as competitive from Montreal downward as it is from the Great Lakes down to Montreal and eastward?

A. Dollars and cents-wise, the fight is in Ontario apparently. I do not know whether I have answered that correctly, clear me up if I haven't.

Q. If your company has ended up worse off today than it was when it started is there any hope Canadian shippers can continue to receive





service from British operated companies or U.K. operated ships?

A. Our position this year, as compared with last year, so far, has improved. Last year was the low and when I stated we are worse off than when we started, last year is taking that into consideration. This year, even with slightly higher rates we are not back on top, but I feel, provided we are not disturbed, one, by being forced to use higher priced ships and two, by any action on the part of our subsidized competitors, as was the case in 1954, we will get out of this and we will still continue to serve Newfoundland, as we have tried to in the past.

Q. Was the year 1954 the only one in which you were under the line?

A. No. In the first year of our operation we lost \$55,000.

Q. You said the first year?

A. Yes.

Q. You started in 1949?

A. Yes.

Q. Between 1949 and 1954.

A. With the exception of one year we had slight profits.

Q. Can you tell me if this is possible, that the lower operating costs of U.K. ships may reflect their age and the extent of their depreciation already taken?

A. That is true. Although, they have had a wage increase and I believe Mr. Rees stated this



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1 morning that although we have the same ships this  
2 year that we had last year and they are older and  
3 we should benefit by that one year's depreciation,  
4 the rates are higher due to an increased seaman's  
5 wage on the United Kingdom ships.

6 Q. You do not know to what extent this  
7 question of the age of the ships and the depreciation  
8 and the seamen's wages would affect the cost of U.K.  
9 ships and Canadian ships, roughly speaking?

10 A. I don't know.

11 Q. You spoke of a particular experience  
12 you had in Prince Edward Island regarding the  
13 shipping of potatoes. Do you know from first hand  
14 information that the railways actually offered and  
15 finally agreed with the Prince Edward Island people  
16 to a lower rate than you could offer?

17 A. I don't know what the final rate was  
18 but I do know that we were told by the potato shippers  
19 that they could not ship any more by water because of  
20 an agreement with the railroad.

21 Q. You do not know whether this agreement  
22 was the result of cheaper rates, or any other con-  
23 sideration, such as delay?

24 A. I am sure that agreement was entered  
25 into by the railroads who saw they were going to  
26 lose the business to a water carrier and it was  
27 an attempt to recover the traffic by lowering the  
28 rate if the shippers gave them all their business.

29 Q. You do not know what the rates were  
30 or what made the potato growers enter into that





business?

A. We cannot get any more facts.

COMMISSIONER WICKWIRE: Q. Would you mind telling us what year you took that shipload?

A. 1954.

MR. GERIN-LAJOIE: Q. I do not know whether I can put this question in a general way, it is not far from the one we discussed a few minutes ago. There are a number of industries in Canada enjoying protection from the tariff, say the automobile industry. Do you see any reason - there may be some reason - why shipping under Canadian flag and the ship building industry in Canada should not enjoy the same protection? It has been suggested by some associations which appeared in Ottawa that there should be a similar protection.

A. What form of protection?

Q. One would be to restrict coasting trade in Canada to ships built in Canada and registered in Canada. That would be one type of protection. They say that would be a type of protection analogous to the protection the automobile industry enjoys for instance, through the tariff. What would be your opinion on this, can you see any reason for the Canadian government to adopt a different policy regarding the ship building and shipping industry as compared, let us say, to the automobile industry?

A. Again, we approach the position that it is the cancellation of the Commonwealth Agreement permitting British ships to operate coastal-wise and





1 putting the entire coastal trade of Canada under  
2 Canadian built and Canadian manned ships. My only  
3 answer to that is based on what has been produced  
4 here by competent witnesses as to costs, the freight  
5 rates would have to be increased accordingly and  
6 those freight rates, I am sure, would crucify  
7 Newfoundland. When I speak of these things, I would  
8 like to confine myself to Newfoundland, because that  
9 is where I operate ships to.

10 Q. As a Canadian, would you consider it  
11 possible that there might be some financial advan-  
12 tages for other parts of Canada, or Canada generally,  
13 which would compensate for the disadvantages to  
14 Newfoundland, if those advantages could be compensated  
15 in turn by some form of general assistance being  
16 paid by the whole of Canada and not only by one part  
17 of it?

18 A. That is a very academic question which  
19 your economists should study.

20 Q. Well, I was just wondering if you had  
21 any opinion on this because, of course, the  
22 Commission has to consider the problem as a whole  
23 and try and reconcile the different points of view.  
24 I was wondering if you had any opinion on this aspect  
25 of the problem. I will just put a final question of  
26 another nature. Would you think it would be to the  
27 advantage of Newfoundland or Canada, if the coasting  
28 trade of Canada was open to all ships of all flags?

29 A. So far as I am concerned if that  
30 results in cheaper charters for me and cheaper









1 freight rates for Newfoundland, that is all right with  
2 me.

3 Q. So far as you are concerned you do not  
4 see any disadvantage to such a policy?

5 A. That, again, should be a study very  
6 carefully looked into.

7 Q. Thank you, Mr. Tregenza.

8 MR. GERITY: Q. Mr. Tregenza, you have referred  
9 several times to the British Commonwealth Merchant  
10 Shipping Agreement. Do you know, for instance, it  
11 provides that nothing in the agreement shall be  
12 deemed to derogate from the right of every part  
13 of the Commonwealth to impose custom tariff  
14 duties on ships built outside that part?

15  
16  
17 A. I believe that is the provision.

18 Q. And Article 24 provides for twelve  
19 months' notice being sufficient?

20 A. Yes.

21 Q. You are aware of that?

22 A. Yes.

23 Q. These ships you speak of, the Lunan,  
24 the Dundee and the Perth, you said they were  
25 especially suited to your trade?

26 A. I don't know I used those words,  
27 "specially suited" but I certainly did say they  
28 were a great deal more suited to the trade than  
29 the canallers under the Canadian flag.

30 Q. And they will be even if the seaway





1 is built, I think you said?

2 A. No, I didn't say that. The Dundee, yes.

3 Q. The size of the Dundee would be suitable  
4 after the Seaway is built?

5 A. Yes.

6 Q. I am sorry I misquoted you. Is it  
7 your intention to have these ships come in each year?

8 A. The Dundee I have on a ten years  
9 charter. I am afraid that comes back every year;  
10 the others are on a yearly charter and it is a matter  
11 of negotiation each year.

12 Q. Let us stick with the Dundee, it has  
13 a Scottish crew, you said?

14 A. Yes.

15 Q. Are they paid Scottish wages or  
16 Canadian wages?

17 A. They are paid Scottish wages. Wait  
18 a minute, the British scale, whatever the correct  
19 name is in the United Kingdom.

20 Q. And the same people come back each year?

21 A. Oh, I don't know that right down the  
22 line. We have had the same Masters and Chief Engineers  
23 and most of the personnel each year.

24 Q. In the winter months, what do those  
25 ships do?

26 A. They go back to the United Kingdom and  
27 vicinity and work in those vicinities.

28 Q. They are typical north European coasters?

29 A. The Lunan and the Perth could be north  
30 European coasters; but not the Dundee.

about every year;

it is a yearly chapter and it is a matter

of no importance now.

Let us stick with the Dundee, it has

a Scottish name, and really

A. Yes.

It is a very good name.

There are some Scottish names.

There are some Scottish names.

There are some Scottish names.

There are some Scottish names.

There are some Scottish names.

There are some Scottish names.

There are some Scottish names.

There are some Scottish names.

There are some Scottish names.

There are some Scottish names.

There are some Scottish names.

There are some Scottish names.

There are some Scottish names.



1 Q. Because of her refrigerated space?

2 A. You did say "typical" north British  
3 coasters?

4 Q. North European coasters, that is, the  
5 style of vessel they are?

6 A. The Lunan and the Perth, yes.

7 Q. Do you know or not, Mr. Tregenza, -  
8 I will admit you may not know -- whether the lake type  
9 package freighter would be allowed to sail as far as  
10 St. John's, Newfoundland?

11 A. It's my understanding that the lake  
12 type freighter without side ports can come here  
13 because we have used it here with extra premiums on  
14 the trip.

15 Q. Do you mean to say vessels without side  
16 ports?

17 A. I don't think so.

18 Q. I am sorry to disagree with you.

19 A. I thought you said you didn't know  
20 yourself.

21 Q. I didn't say vessels without side ports  
22 could not cross oceans.

23 A. The Queen Mary and Queen Elizabeth have  
24 some side ports. I believe the Newfoundland and the  
25 Nova Scotia have some side ports; but Canada  
26 Steamship lines packet freighters, canallers with side  
27 ports, I don't think so.

28 Q. You do not know whether it is the side  
29 ports or the fact they are lake ships that prevents  
30 them coming here?

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Manager

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A. I agree.

Q. Yes, it is a matter of law.

Mr. Tregenza, in your brief which I think was numbered B.70, you have a submission numbered 8.(c) that there be no change with respect to the existing situation on the Great Lakes. As a shipping man would you consider there is no different problem in the Great Lakes?

A. I am inclined to agree there is a different problem on the Great Lakes than on the oceans.

Q. So that, for instance, if I were, at a later time, to suggest to the Chairman and the Members that there might be a different recommendation with regard to the Great Lakes, you would not disagree with that?

A. We have, I believe, this morning made it clear we do not carry loose, bulky freight, such as coal, iron ore; therefore, I don't see why we should take a stand as to other people in their actions in carrying such business.

Q. The reference in your brief, if I am clear on your evidence, is that you occasionally get a return cargo that helps you?

A. Yes, but not coal or iron ore.

Q. Then, I take it that is what the lawyers call *ex abundantia cautela* - that is, out of an abundance of caution - you put that?

A. I will have to have my lawyer tell me about that.

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1 Q. Mr. Tregenza, I have an extra copy of  
2 the Commonwealth Agreement, which I would file as an  
3 exhibit. I think it is in a number of briefs but  
4 there is a loose copy here which might be of some use.

5 THE CHAIRMAN: Exhibit 29.

6 --- EXHIBIT NO. 29: Copy of British Commonwealth  
7 Merchant Shipping Agreement  
8 (1931).

9 MR. GERITY: Q. Now, Mr. Tregenza, I may be a  
10 little deaf but do I understand you are in the  
11 un-Scottish business of losing money?

12 A. Well, it is a fact we have lost money  
13 and our situation today is worse than when we started.

14 Q. For instance, you know who my clients  
15 are?

16 A. Several.

17 Q. Well, they are Great Lakes ship operators,  
18 you know that?

19 A. Yes.

20 Q. Do you think they could possibly meet  
21 competition from United Kingdom ships?

22 A. In their trade?

23 Q. In their own trade.

24 A. Mr. McLagen says they can.

25 Q. I do not know whether he did or not.

26 I am asking you, sir.

27 A. I don't think they can.

28 Q. Thank you, very much.

29 MR. HUNT: Q. Mr. Tregenza, I think the answer  
30 is obvious from your evidence, but to get the direct





1 question on the record: Could you give the same  
2 service you give now if you were restricted to  
3 Canadian vessels and would your rates be the same?

4 A. No.

5 Q. At the present time, you publish, I  
6 understand, a rate tariff?

7 A. Publish a class rate tariff.

8 Q. Is there any difference in your rates  
9 eastbound and westbound?

10 A. On such commodities as moving class  
11 rates, no.

12 Q. Have you ever actually approached the  
13 C.N.R. for traffic from Halifax?

14 A. I didn't, but an official of my company  
15 did.

16 Q. Could you obtain it?

17 A. No.

18 Q. Any reasons given to your knowledge?

19 A. To obtain such traffic, as I understand  
20 it, you must be party to the through rates as pub-  
21 lished in the Canadian National Railway Traffics  
22 and Division Sheets on file, and we are not parties  
23 thereto.

24 Q. If you were a party to that you would  
25 be at higher rates than you operate?

26 A. Canadian National Railways make the  
27 rates.

28 COMMISSIONER WICKWIRE: Q. I think you told  
29 Mr. Gerity that you did not think the Great Lakes  
30 ships could meet the competition if United Kingdom







1 ships were allowed to participate in the coastal trade  
2 after the deepening of the St. Lawrence Seaway.

3 Correct me if I am wrong.

4 A. That was my statement. I don't think  
5 that the Canadian ships in the Great Lakes, like ships,  
6 like for like, could compete with the Canadian (sic)  
7 flag ships. In the studies of that I do not know  
8 what a very efficient bulk carrier like the Scott  
9 Misener could do against a like dead weight ship of  
10 an ocean type even under the United Kingdom flag.  
11 I don't know what one could do with the other. Of  
12 course, that brings up the question -- May I go on?  
13 That brings up the question as to whether the United  
14 Kingdom can build Scott Miseners and bring them over  
15 to the Great Lakes. From what I think I know and  
16 what has been shown as evidence here, a Scott Misener  
17 could be built in the United Kingdom cheaper than it  
18 could be built in Canada. It could be built there.  
19 The wages of the crew, if it were British registry,  
20 would be cheaper. Therefore, that ship could be brought  
21 into the Great Lakes. I don't see how the rates could  
22 be the same.

23 Q. It is the theory of a good many people,  
24 with the amount of money that is being spent on the  
25 St. Lawrence Seaway, why deepen the ditch if you are  
26 not going to allow ships to take advantage of it.  
27 Now, I want to know what your reaction is as a  
28 shipper?

29 A. I am between the devil and the deep  
30 blue sea there. I am a Canadian citizen, despite





1        what my friend says, and I hope I will be a business  
2        man for a little while longer. Canada and the  
3        United States are spending millions of dollars and  
4        you cannot blame people for trying to protect their  
5        money; but, on the other hand, when we have the  
6        St. Lawrence waterway, we encourage ships to come  
7        into the Lakes - they are now doing it - and as  
8        long as our population continues to increase --  
9        Frankly, I wouldn't want to have the job of the  
10       Commission in trying to decide what to do with that  
11       situation on the Great Lakes.

12                Q.        Thank you very much.

13                THE CHAIRMAN: I am in hearty agreement.

14        --- The witness withdraws.

15                        -----

16                MR. ROWNTREE: Mr. Chairman, and Members of  
17        the Commission, that is the evidence this company  
18        proposes to present at this time. Unless there  
19        are further questions at this time from anyone, that  
20        concludes our case, apart from argument.

21                MR. GERITY: Mr. Chairman, if I may perhaps  
22        say one thing - I would like to do it for the  
23        benefit of those who have not been in Ottawa:  
24        Nothing I have proposed to this Commission would,  
25        in any way, interfere with the trade in Newfoundland.

26                THE CHAIRMAN: I noticed that in your last  
27        question.

28                Ten minutes recess.

29        --- Recess from 4.05 to 4.15 o'clock P.M.





SUBMISSION OF THE COMMITTEE ON NEWFOUNDLAND  
COASTAL SHIPPING APPOINTED BY THE GOVERNMENT  
OF NEWFOUNDLAND

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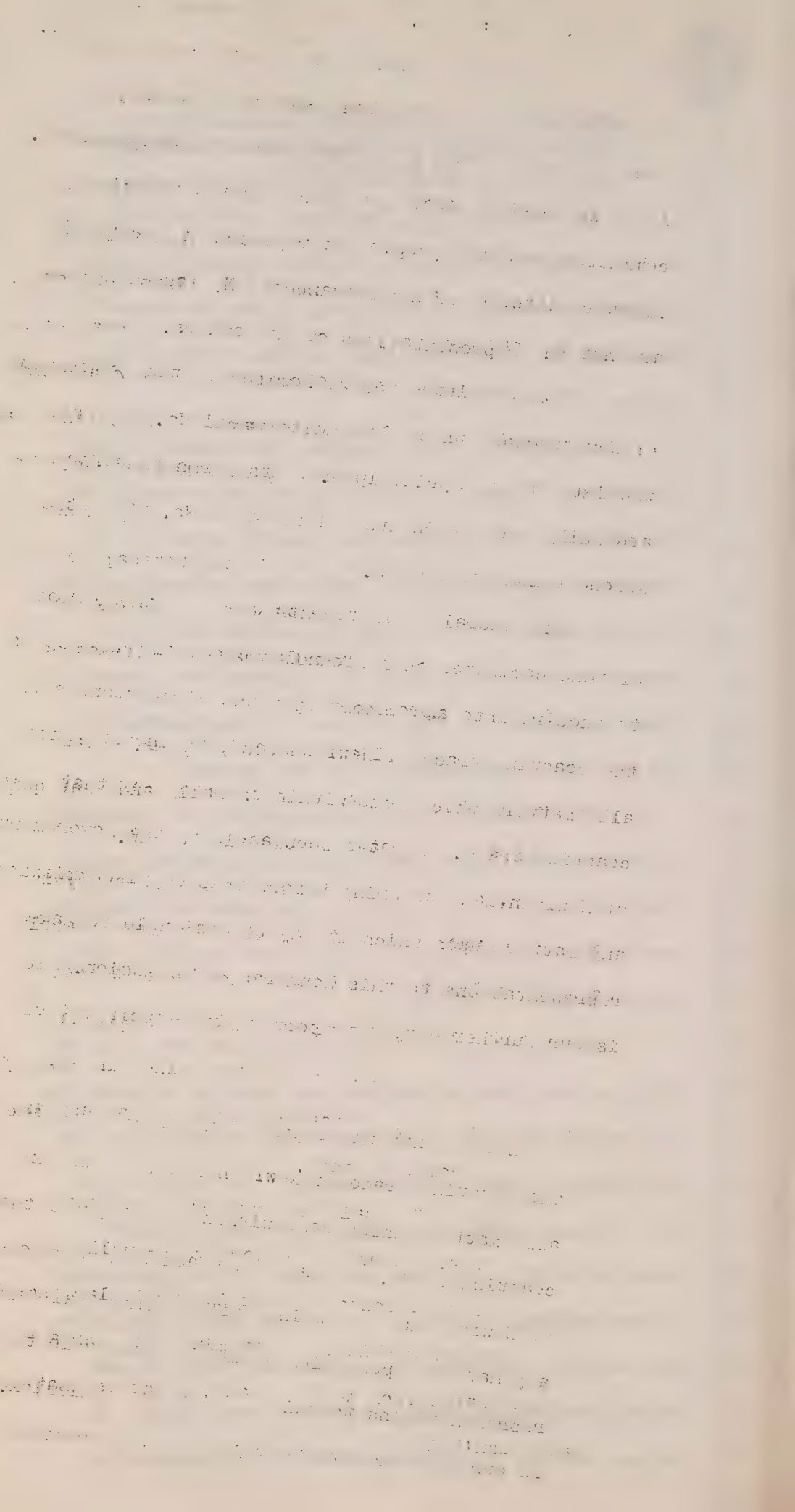
MR. MUNDELL: Mr. Chairman, it is proposed now to hear from the Committee on Newfoundland Coastal Shipping, a committee appointed by the Government of Newfoundland. They are ready to make their presentation.

MR. GREEN: Mr. Chairman and Members of the Commission, I have the honour to act as counsel for the committee on Newfoundland coastal shipping, a committee appointed by the government of Newfoundland. I should make it clear from the outset that this committee does not purport to represent the coastal fleet registered in the Province of Newfoundland; we are not the representatives of the owners.

This Committee was authorized by the government of Newfoundland under Order-in-Council No. 335, dated the 13th day of April, 1955. Its terms of reference are fully set out in its brief, brief No. 76 in the second volume of briefs.

In general it is true to say that the purpose of this committee on Newfoundland coastal shipping is to inquire into and report upon the circumstances of the coasting trade of Newfoundland, to inquire into all matters which come within the scope of that coasting trade. We have been asked by the government of Newfoundland to bring before this Royal Commission any matters upon which it may be desirable to make representations to this honourable Commission. It is our further duty to report to the government of









1 Newfoundland. Further, to give consideration to  
2 aspects of the coasting trade of this province which  
3 the Committee considers of importance.

4 The Committee on Newfoundland Coastal shipping  
5 is comprised of the following members: The Chairman  
6 is Mr. Ross Young, a member of the Newfoundland  
7 Fisheries Development Authority; Mr. James C. Grieve,  
8 Chairman of the Newfoundland Ship Owners and Ship  
9 Builders Advisory Committee; Mr. R. A. Harvey,  
10 Director of Vessel Construction and Inspection,  
11 Department of Fisheries of Newfoundland; Captain  
12 Archibald Hayes, President of the Newfoundland  
13 Coasting Association; and Mr. Donald Hollett,  
14 Director of Hollett Transportation Limited.

15 The Committee realizes the prime concern of  
16 this Royal Commission is to consider the effect on  
17 the coasting trade of Canada of the participation in  
18 that trade of vessels registered or built outside of  
19 Canada. The case for the Province of Newfoundland  
20 on that aspect of the inquiry has been ably dealt  
21 with in a brief submitted by the Government of  
22 Newfoundland. Our Committee, on the other hand, will  
23 concern itself with local aspects of the Canadian  
24 coasting trade as it affects the Newfoundland  
25 coasting fleet.

26 We wish at this time to point out that there  
27 is in effect no conflict of interest between the  
28 submission of the government of Newfoundland, which  
29 this honourable Commission has heard, and the  
30 interests of our Committee.





1 As you have heard the submission of the  
2 government of Newfoundland was, in general, in respect  
3 of the movement of essential goods and consumer  
4 commodities from the mainland of Canada to this  
5 province and, in general, I think it is true to say,  
6 the main concern of the Newfoundland Committee on  
7 coastal shipping is with the distribution of these  
8 goods and commodities to the more than 1300 scattered  
9 settlements along the 6,000 miles of coastline in  
10 Newfoundland and 1,200 miles of coastline in Labrador.

11 Evidence will be called before the Commission  
12 which will show the important place which this local  
13 fleet plays in the economy of this province. It will  
14 be shown that, in general, the fleet is comprised of  
15 relatively small wooden schooner type vessels. There  
16 are a small number of steel vessels registered in  
17 this province engaged in the coasting trade but the  
18 overwhelming number of these ships are of the wooden  
19 built schooner type of vessel.

20 I may interject at this point that the Committee  
21 on Coastal Shipping would be very pleased if the  
22 Royal Commissioners and other interested observers  
23 could find it convenient to visit the nearby water-  
24 front of St. John's to see at first hand types of  
25 Newfoundland coasting vessels which are presently  
26 in port as I think it is quite likely a type of  
27 vessel with which the members of the Commission  
28 may not be familiar.

29 THE CHAIRMAN: I imagine you know when we  
30 came here we devoted Monday morning to a water tour





1 of the harbour on the Navy fire tug. At that time  
2 we had an opportunity of seeing many of these ships  
3 as we sailed past. I think Mr. Mundell has told you  
4 that some of us are very happy to have the opportunity  
5 to make a closer inspection of a couple of the  
6 schooners after we adjourn this afternoon.

7 Since I have interrupted you, perhaps I should  
8 continue. In your brief, commencing at page 11 and  
9 continuing for some distance, are matters -- Aids to  
10 Navigation, Radio Aids to Navigation, Docking  
11 Facilities - on which you will understand none of  
12 the three members of this Commission are experts  
13 and I suggest to you that the detailed matters set  
14 out in your brief, and also in one part of your  
15 supplementary brief, do not find very understanding  
16 ears when given to us and that our best method of  
17 handling that matter would be to refer it to the  
18 appropriate federal authority for the consideration  
19 of that authority. We do not think it is within the  
20 scope of our reference and we are not, neither the  
21 members of the Commission nor its staff, technically  
22 competent to deal with it.

23 MR. GREEN: Mr. Chairman, that point is  
24 certainly appreciated by the Committee. We certainly  
25 did not intend to take up the Commission's time by  
26 calling exhaustive evidence on each of these sections  
27 to prove the need for navigational aids, in all the  
28 various places mentioned in the brief. It was our  
29 intention, if you agree, Mr. Chairman, to call people  
30 who would be in a position to state the general









1 situation with regard to the needs for certain  
2 facilities and we would ask no more of this Royal  
3 Commission, if it saw fit in its wisdom, than to  
4 pass on our suggestions as recommendations to the  
5 appropriate authorities.

6 THE CHAIRMAN: I doubt very much if you need  
7 any evidence other than the material set out in your  
8 brief. If it is to be further investigated the words  
9 of your witnesses spoken to us would be far better  
10 spoken to an investigator of the Department of  
11 Transport who would come down and see your officers  
12 and some of those who are instructed in the matter  
13 and discuss the facts.

14 MR. GREEN: The Committee did feel, Mr. Chairman,  
15 if you saw fit to agree in our submissions, Mr. Chairman,  
16 with the added weight which might be given to the  
17 matters, which we consider to be very important  
18 matters in the coastal trade a--

19 THE CHAIRMAN: As far as I am personally con-  
20 cerned, I am sure the Department would not consider  
21 any weight in my concurrence because it would be just  
22 as if I had given my learned opinion on a piece of  
23 Sanskrit. Therefore, I think you would be far better  
24 off if we were to hand your representations to the  
25 appropriate department, with, of course, the  
26 recommendation that they be given the appropriate  
27 consideration, then for you to make your representa-  
28 tions to those who can understand them.

29 MR. GREEN: That will be more than satisfactory.  
30 Then, I take it you do not wish us to call evidence

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1 on these particulars?

2 THE CHAIRMAN: Yes. There is much, however, of  
3 the rest of your brief which I find very interesting,  
4 the question of the distribution about the whole of  
5 the province, and I believe you used the word  
6 "outports"?

7 MR. GREEN: Mr. Chairman, may I at this stage  
8 for the purpose of the record, correct two errors in  
9 our brief. Two typographical errors. One appears  
10 at page 10 of the original brief - page 7 in the  
11 mimeographed copy, volume 2, B76. About halfway  
12 down the page, in discussing the question of bounties  
13 now paid on vessels built in Newfoundland, the second  
14 item now reads "Vessels 20 to 30 tons". That should  
15 read "20 to 150 tons".

16 The second correction to which I would like to  
17 draw attention occurs at page 15 in the original  
18 brief, page 10 in the mimeographed copy. The second  
19 last paragraph at the bottom of page 10, a paragraph  
20 beginning, "As an alternative suggestion the Committee  
21 recommends ....". The change is that "Class 2 permits"  
22 should read "Class 2 limits". The word "permits",  
23 changed to "limits".

24 Evidence will be called to substantiate the  
25 matters presented in our brief describing the important  
26 place which the coasting fleet of this province plays  
27 in our economy. The witness will describe the  
28 generally scattered nature of our settlements and the  
29 fact that, because of the lack of road and rail  
30 facilities in many parts of the province, many of





1 these settlements are, consequently inaccessible  
2 except by water. You will be told of the part which  
3 the small coastal fleet - small in size, that is -  
4 plays in the fishing industry of Newfoundland. You  
5 will also be told of its important role in the dis-  
6 tribution of essential consumer commodities.

7 With regard to the recommendations made by  
8 this Committee: First of all, the Committee deals  
9 with the question of the permit system which was  
10 introduced into this province after Confederation.  
11 The only recommendation it makes in that respect  
12 is that some method be evolved of creating a type  
13 of permanent certification for Masters, Mates and  
14 Engineers. Because of the reasons which you have  
15 mentioned, Mr. Chairman, and the technical nature  
16 of the evidence, we do not propose to call the  
17 witness on that but merely call attention to it for  
18 the record.

19 With regard to Home Trade Classification under  
20 the Canada Shipping Act, Class 2 vessels, the  
21 Committee would wish to draw attention to the very  
22 important developments in northern Canada, north of  
23 Labrador in Ungava Bay and the Hudson Straits. It  
24 asks that certain changes be made in respect of  
25 classifications in Home Trade so that Newfoundland  
26 vessels will be enabled to participate in that  
27 trade.

28 With regard to Aids to Navigation. The  
29 Committee recommends that the Department of Transport  
30 undertake a complete survey of the Newfoundland and









1 Labrador coast from the point of view of the needs  
2 of new aids. A comparison of the coasts of this  
3 province with the coasts of Nova Scotia will show to  
4 what extent this province is in need of greater  
5 navigational aids. The Committee has given con-  
6 siderable study to this problem and has incorporated  
7 in our brief a lengthy list of navigational aids  
8 which the Committee feels to be of primary  
9 importance. In addition to that we recommend a  
10 complete survey of the coast of this province be  
11 made to determine exactly what is required in  
12 regard to navigational aids from the point of view  
13 both of the assistance that such aids render in  
14 the saving of life at sea or the prevention of  
15 shipping disasters, and also from the point of view  
16 that as far as navigational aids are concerned  
17 many of our vessels were not built as coastal vessels  
18 but were adapted to their present use from fishing  
19 vessels and because of this change their operation  
20 is marginal and any improvements in aids to naviga-  
21 tion which effects a speedier and safer voyage for  
22 these vessels is of great consequence to them in  
23 creating an economic operation. That is the reason  
24 we ask for a complete survey.

25 With regard to radio aids for navigation we  
26 point out that 170 vessels registered in Newfound-  
27 land are equipped with some type of radio equipment,  
28 either radio-telephone, radar or loran. The point  
29 we make there is that the use of such equipment  
30 depends on the shore facilities available. Such





1 ships are able to communicate from ship to ship and  
2 from ship to shore with a resultant greater economy  
3 of operation as well as leading to greater safety  
4 at sea. The Committee has likewise, made a certain  
5 specific recommendations as to new marine radio aids  
6 to navigation and those recommendations are set out  
7 in our brief, and we need not emphasize them at this  
8 point.

9 The question of docking facilities is a  
10 question of most vital concern to this province.  
11 At the moment the dry docking situation can be said  
12 to approximate a state of emergency. A very  
13 exhaustive presentation of the picture as it affects  
14 docking facilities is presented in our brief. At  
15 the moment only the following docking facilities  
16 are available in our province: in St. John's a  
17 graving dock is operated by the Canadian National  
18 Railway, Newfoundland Marine Services, but it is a  
19 dock primarily suited to the servicing of their own  
20 vessels and the repair of bigger vessels needing  
21 repair and those coming to the port in a damaged  
22 condition. This dock is in no way suitable for the  
23 repair of small wooden vessels without a heavy loss  
24 of revenue being involved because the accommodation  
25 at the dock is difficult to obtain on many occasions  
26 and quite often small coasting vessels must go on  
27 the dock with a larger steel vessel and often must  
28 wait for long periods of time until extensive re-  
29 pairs are finished on the larger vessel before the  
30 smaller coastal vessel can be taken off the dock.





1 A small marine railway is situated at  
2 St. Anthony on the far northern end of the Great  
3 Northern peninsula of Newfoundland. Her repair  
4 facilities are not sufficient for the operation of  
5 an efficient yard and because this marine railway  
6 is only operative during the seasons of navigation,  
7 from May to October, the number of vessels it can  
8 handle is small.

9 We would also point out that prior to 1949  
10 four other marine railways existed in this province,  
11 two at Harbour Grace, Conception Bay and two at  
12 Burin on the south coast. None of these facilities  
13 are now in operation and in their present state they  
14 are beyond economic repair.

15 COMMISSIONER WICKWIRE: What happened to  
16 those docks?

17 MR. GREEN: Originally these docks were  
18 operated by companies formed by ship owners in that  
19 area who were interested in effecting repairs on  
20 their own vessels. For reasons which it would be  
21 difficult to explain here at this time it would  
22 appear the revenue they received was not enough to  
23 permit a reserve fund being set aside for replace-  
24 ment. They were built in the days when construction  
25 of this type of service was relatively cheap. I  
26 think the dock at Burin is quite an old dock and  
27 the one at Harbour Grace I think goes back to about  
28 1910 or 1911.

29 COMMISSIONER WICKWIRE: If the need is so  
30 great why have not one or more of them been set









up around the coast?

1  
2 MR. GREEN: I think the reason is the very  
3 high replacement cost at the moment and also the  
4 fact that the operations of these companies was not  
5 profitable enough to permit them to establish  
6 reserve funds for replacement. They did repair  
7 them as they went along but these docks reach the  
8 stage where they need major repair or replacement  
9 and the position now is that they are beyond economic  
10 replacement. They must be replaced.

11 COMMISSIONER WICKWIRE: Why have not one or  
12 more been replaced?

13 MR. GREEN: It could be, sir, that the  
14 necessary capital is not available. I would think  
15 that is the major reason.

16 COMMISSIONER WICKWIRE: Your suggestion is  
17 that a dock should be provided at the expense of  
18 the government to repair these vessels?

19 MR. GREEN: Well, the Committee is unable to  
20 say exactly where the responsibility lies for the  
21 provision of adequate docking facilities, whether  
22 it is entirely a federal matter, whether it is  
23 entirely a provincial matter or whether it is  
24 somewhere in between; or whether it is up to private  
25 enterprise. However, the need does exist, a  
26 tremendous need. All the Committee can do is  
27 point up that need and ask that a survey be made  
28 as to the proper type of service and its location.

29 In our brief we describe an arrangement of  
30 a small marine slipway which we consider would be





1 suitable for servicing vessels up to 70 tons. The  
2 Committee feels this type of installation could be  
3 installed at relatively small cost and would be able  
4 to serve a large percentage of our coastal ships  
5 at relatively reasonable rates.

6 COMMISSIONER WICKWIRE: The surprising thing  
7 to me is that if the need is as great as your  
8 Committee has pointed out that somebody has not  
9 gone into that business long ago.

10 MR. GREEN: I think the past history of  
11 docking in this country has shown, whereas it is  
12 of vital importance and must be available if the  
13 fleet is to continue, in the past it has not been  
14 a very remunerative investment or operation for  
15 those concerned. Today interested parties are  
16 faced with very high costs of replacement, running  
17 up into the hundreds of thousands of dollars for  
18 individual firms, which is quite out of the question.  
19 Whether it would be possible for various shipping  
20 interests to get together and seek some sort of aid  
21 I do not know, maybe that would be the solution to  
22 the problem. Nevertheless, the point is that at  
23 the moment these docking facilities do not exist.

24 With the entry of Newfoundland into  
25 Confederation the Canada Shipping Act came into  
26 force here and we are subject to their  
27 regulations. With the lack of facilities in this  
28 country certain steps have to be taken if the  
29 vessels are to be docked and properly inspected  
30 as required.





1 A number of our vessels proceed to drydocks  
2 in Nova Scotia and other maritime provinces but  
3 because of the time delay it is not always convenient  
4 to do that and a great many of our vessels are  
5 forced to use facilities on the French Island of  
6 St. Pierre, where there is a marine railway in  
7 operation. The only difficulty there is that all  
8 repairs made outside of Canada are subject to a  
9 25 percent customs duty which is levied by the  
10 government of Canada on these repairs when these  
11 vessels return to this country. That, in the case  
12 of nearly all the Newfoundland coasting vessels, is  
13 a very hard burden to carry, that added 25 percent.  
14 They are trying to keep the vessels in the trade of  
15 this country and yet they are required to pay  
16 25 percent duty on the value of the repairs made  
17 at St. Pierre.

18 Since this situation exists and sufficient  
19 facilities are not available in Canada and since  
20 the owners have their vessels docked and repaired  
21 and are only concerned to operate their vessels  
22 in the trade of the country, we feel the duty which  
23 is collected should be refunded to these owners  
24 until such time as adequate repair facilities  
25 are available in this province. At present the  
26 effect is to add an intolerable burden to the  
27 attempt being made to operate these vessels  
28 economically.

29 As I say, we emphasize that there is a  
30 need for additional docking facilities and we







1 emphasize that they are essential to the operation of  
2 the small boats in this province.

3 In detailing the facilities available in this  
4 country I intended to mention in passing that during  
5 the past war the Royal Canadian Navy constructed a  
6 marine railway at Bay Bulls, which is ten or twelve  
7 miles from St. John's on the east coast, for the  
8 repair of corvettes and destroyers. This marine  
9 facility ceased operations in 1946 and has not since  
10 been operative. It is a large type marine slipway  
11 accommodating vessels up to 2300 tons. Perhaps it  
12 is too large for the type of vessels which in general  
13 would require its services in this country.

14 Whatever the reason is for the lack of marine  
15 facilities in this country, and it is, I think, an  
16 involved story, nevertheless the position is at the  
17 moment our coasting fleet is very much handicapped  
18 by the lack which does, in fact, exist. We emphasize  
19 this state of emergency which exists, affecting all  
20 types of vessels and all types of boats in this  
21 country. We request some immediate steps be taken to  
22 effect a survey of the province from the point of  
23 view of determining where the responsibility lies  
24 for providing these services, and where they should  
25 be located.

26 THE CHAIRMAN: Surely these facilities are  
27 provided by private capital. When your ships go to  
28 Nova Scotia into whose drydocks do they go, or up  
29 whose marine railroad?

30 MR. GREEN: When you say the docks are





operated --

1 THE CHAIRMAN: Answer that question: When your  
2 ships are driven to go to Nova Scotia to have these  
3 services supplied because there are marine railroads  
4 there, who owns and operates those marine railroads?

5 MR. GREEN: I think, sir, it might be found  
6 on investigation that a number of these docks - and  
7 I am thinking of the docks in Halifax and Dartmouth  
8 in particular - are able to operate by virtue of  
9 indirect aid which they receive from the patronage  
10 of the Royal Canadian Navy, both in point of view of  
11 construction and repair.

12 COMMISSIONER WICKWIRE: What about the docks  
13 at Lunenburg for the repair of the Lunenburg fleet,  
14 at Mahone Bay, at Shelburne; they are all owned and  
15 operated and maintained by private capital. Is not  
16 that the type of thing you need here?

17 MR. GREEN: That certainly would be the type of  
18 thing we need.

19 THE CHAIRMAN: A person who is contemplating  
20 providing such facilities would seem to have the  
21 added economic advantage of having a 25 percent cushion  
22 because the choice is to go across to St. Pierre and  
23 pay 25 percent duty. Therefore, the prospective user  
24 of this facility would be ready to pay that much  
25 higher price in order to avoid the 25 percent duty.  
26 This man you are attempting to coax into the business  
27 has a 25 percent protection. Your Committee might  
28 start a selling campaign on the basis of "Here is  
29 an industry which has a 25 percent protective tariff".  
30





1 MR. GREEN: That is quite so, but whether or  
2 not the capital is actually available for that is  
3 something about which this Committee has no knowledge.

4 THE CHAIRMAN: Capital is available for anything.

5 MR. GREEN: Nevertheless, as I have said, the  
6 history of docking in this country would tend to dis-  
7 courage possible prospective investors in such a  
8 business.

9 THE CHAIRMAN: Perhaps that history was linked  
10 up with a pre-union situation where you did not have  
11 the necessity for the docking that you have now with  
12 the inspection requirements of the Canada Shipping  
13 Act.

14 MR. GREEN: I think it is true to say the  
15 Canada Shipping Act has resulted in the need for  
16 more frequent docking but nevertheless vessels had  
17 to be docked when there were more vessels in this  
18 province.

19 All this Committee can do at the present time  
20 is point up that need. We do not know precisely where  
21 the responsibilities lies but nevertheless it is a  
22 factor vitally important to the coasting trade and  
23 one which has to be resolved or answered in some way  
24 if the fleet is to continue at all; it is quite as  
25 serious as that.

26 I do not know whether the Commission would like  
27 me to call my first witness now?

28 THE CHAIRMAN: We will hear your evidence  
29 tomorrow morning at 9.30.  
30 --- Whereupon the hearing adjourned at 4.51 o'clock  
on Wednesday, 27th July, 1955 until 9.30 o'clock A.M.  
Thursday, July 28th, 1955.









THURSDAY, JULY 28, 1955

---On resuming at 9:45 a.m.

CONTINUATION OF THE BRIEF ON THE COMMITTEE OF NEWFOUNDLAND  
COASTAL SHIPPING

MR. GREEN: Mr. Chairman and Honourable Commissioners. At the adjournment yesterday afternoon I was outlining to the Commission some matters raised in the brief presented to the Commission by the Committee on Newfoundland Coastal Shipping.

In the light of new evidence which has been submitted to the Commission since our original brief was filed the Committee has prepared a supplementary brief which will be introduced by one of our witnesses this morning as an exhibit, dealing with three matters. The first is extension of application of the Transport Act. The second matter is the question of a buoy boat and a lighthouse servicing vessel for the Newfoundland area. The third point is the question of wages in the Newfoundland Coastal Trade.

For the reasons expressed yesterday by you, Mr. Chairman, with regard to the Commissioners desiring to hear evidence on certain parts of our brief but expressing the opinion in regard to certain other factors that they do not come within the immediate interest of the Commission, we do not propose to call evidence today with regard to radio aids to navigation or this question of a buoy boat for the Newfoundland area. We feel confident that the Commission will see that our recommendation in this respect will be passed to the appropriate





authorities. Although we will not call evidence

today we do not wish it to be implied from that that we in any way subscribe to the idea that we do not consider them of equal importance to the matters which will be raised. Indeed they are of great importance and certainly as of great significance as the matters about which you will hear evidence.

Before referring to the evidence of the questions upon which opinion has been expressed that the matters come directly within the scope of your inquiry, if I may just say in passing this question of a buoy boat -- this is the only reference I shall make to it -- in our main brief this Committee made strong recommendations with respect to the urgency of a buoy boat to serve the Department of Transport in this Province. We had been led to believe from information we received that this buoy boat was actually under construction. It now appears that the appropriation of funds from this particular fund will now be transferred to provide an icebreaker for the St. Lawrence River to replace the 49-year old vessel the Lady Grey which sank while breaking ice last year on the St. Lawrence River.

We, as a Committee, wish to record our disappointment in this matter, our disapproval as to the funds. We would point out again the importance of providing a boat for the Newfoundland service, the urgency of this, and we would ask -- we would emphasize our request for the immediate laying down of such a vessel which is, as we have





expressed, a matter of great concern to the coastal trade of this continent and without such boat it is impossible to service and place in service buoys and other navigational aids which we wish.

Mr. Chairman, with these opening remarks I would like to call evidence. I will call first Mr. Ross Young.

ROSS YOUNG, called

BY MR. GREEN:

Q. Mr. Young, you are Mr. Ross Young?

A. Right.

Q. Mr. Young, you are the Chairman of the Committee on Newfoundland Coastal Shipping?

A. I am.

Q. And what other office do you hold?

A. I am a member of the Newfoundland Fisheries Development Authority.

Q. Would you describe very briefly the Newfoundland Fisheries Development Authority, Mr. Young?

A. Actually the Newfoundland Fisheries Development Authority is a Crown corporation and was set up to develop the fisheries in Newfoundland.

THE CHAIRMAN: Q. A Provincial Crown Authority?

A. Yes, Mr. Chairman.

MR. GREEN: Q. Mr. Young, you appear today to formally present to the Commission the brief of your Committee on Newfoundland Coastal Shipping?

A. Yes.







1 Q. I think you also wish to present to the  
2 Commission as an exhibit a document headed "Supple-  
3 mentary Brief, Committee on Newfoundland Coastal  
4 Shipping"?

5 A. Yes, sir.

6 MR. GREEN: I think the Honourable Commissioners  
7 have copies of that supplementary brief.

8  
9 ---EXHIBIT NO. 30: Supplementary brief of Committee  
on Newfoundland Coastal Shipping.

10 MR. GREEN: Q. Mr. Young, before I subject  
11 you to questioning in this matter---

12 THE CHAIRMAN: Mr. Green, the supplementary  
13 brief is not signed. Is that also your document?

14 MR. GREEN: I am sorry. This is a submission  
15 of the Committee, Mr. Chairman. It is headed---

16 THE CHAIRMAN: I know it is a submission of  
17 the Committee, but the brief originally, I think,  
18 was signed by you as counsel and the other one is  
19 not signed.

20 MR. GREEN: Mr. Chairman, I think you will  
21 find that the original brief was signed by members  
22 of the Committee, five members of the Committee.

23 THE CHAIRMAN: I beg your pardon. I have  
24 the wrong one here.

25 MR. GREEN: B-76 is the Committee brief,  
26 Mr. Chairman.

27 THE CHAIRMAN: I happened to look at B-70.  
28 The reason that I inquired was I should say that  
29 whoever did the supplementary brief, referring to  
30 it alone at the moment because it is the most recent,





1 in my opinion, is certainly entitled to a good deal  
2 of credit. It is an extremely well-worked out and  
3 well prepared document. Proceed.

4 MR. GREEN: Thank you, Mr. Chairman.

5 Q. Mr. Young, I was asking you before I  
6 subject you to questioning whether there are any  
7 particular general statements you would care to make  
8 to the Commission?

9 A. There are certain observations which I  
10 would like to make before being subjected to question-  
11 ing, and if I might I shall make them.

12 No doubt, Mr. Chairman, and, Honourable  
13 Commissioners, during the hearing you have heard  
14 many times the geographical situation of Newfoundland  
15 explained. You have heard it said that Newfoundland  
16 is an island and as such is surrounded by water.  
17 You have heard it is 42,700 square miles approximately.  
18 You have heard also that Labrador is 110,000 square  
19 miles but I would like to emphasize that rather  
20 than Newfoundland's geographical position and the  
21 fact that it is so many thousand square miles, I  
22 would like to emphasize where Newfoundlanders live.

23 When Newfoundland was first populated and  
24 generally through the years people have earned  
25 their living from the sea and because of this they  
26 have gone where fish can be found in abundance  
27 and that is, generally speaking, around the entire  
28 coastline of Newfoundland so, today you find that  
29 there are approximately 240,000 or 250,000 people  
30 out of a population of perhaps 380,000 who are





1 thinly spread in the scattered coasts all around our  
2 island.

3 They went to these places so that they could  
4 have shelter for their small ships and so they would  
5 have a space on shore to cure their fish catches.

6 I would like to emphasize again that 240,000  
7 people are spread along 6,000 miles of coastline in  
8 1,300, approximately, small settlements, and only  
9 30 have a population of over 1,000.

10 The emphasis, therefore, is on the coastline  
11 especially of this country where people live by the  
12 sea. These settlements are isolated, very isolated.  
13 We have no roads, or what roads we do have are not  
14 connected to the various settlements and encircle  
15 our island.

16 We have a railroad, that is true, but that  
17 railway does not touch on the coastal area except  
18 in a few places, individual places and particularly  
19 along to Lewisport which is a trans-shipment centre,  
20 and from that point -- from Lewisport, for instance,  
21 the coastal fleet must come into play once again to  
22 transport commodity goods for backward places as well  
23 and various other things to the great northern  
24 peninsula of Newfoundland where there are no roads  
25 at all. The thing which I would like to emphasize  
26 is the dependence of the people in Newfoundland on  
27 transport by sea by our coastal shipping fleet.

28 MR. GREEN: Q. Mr. Young, do you have any  
29 figures on the total tonnage of cargo brought into  
30 Newfoundland in a given year?







1 A. Well, as you know since 1949 all of  
2 our -- practically all of our commodities come from  
3 the Canadian mainland and ---.

4 Q. Can you give us any figures on the  
5 tonnage brought into Newfoundland from other  
6 Canadian Provinces?

7 A. Yes. The Dominion Bureau of Statistics  
8 estimates that in the year ending December 31st, 1953  
9 there were 988,348 tons of cargo brought into  
10 Newfoundland from other Canadian Provinces.

11 Q. Can you explain to the Commissioner,  
12 Mr. Young, what part the coastal fleet of Newfoundland  
13 plays in the redistribution of those goods, of that  
14 tonnage which does come into the Province?

15 A. If you think of very close to one  
16 million tons coming from the Canadian mainland,  
17 coming into various ports of entry into Newfoundland  
18 and if you were to exclude from that the amount of  
19 goods used or consumed at these points of entry and  
20 distributed along the railway line, it is fair to  
21 say -- in fact, we have worked out figures to show  
22 that a substantial part of this tonnage is moved  
23 around the island by coastal shipping and our  
24 estimate is 338,887 tons of cargo distributed  
25 around the island. This would seem to be a fair  
26 proportion when you consider that spread around  
27 our coastal line you have 240,000 people and you  
28 have 338,000 tons out of a million.

29 MR. GREEN: I should explain that the  
30 compiler of that figure will be called to give





1 evidence and explain how the figure was compiled.

2 Q. Do you consider these figures which you  
3 have just mentioned, 338,000 tons of cargo carried by  
4 the Newfoundland coastal vessels to be excessively  
5 arbitrary or would you consider it as a conservative  
6 estimate?

7 A. I would consider it a very conservative  
8 figure or estimate.

9 This year when our Committee was set up a  
10 questionnaire was sent out to all the ship owners  
11 in Newfoundland and that questionnaire asked such  
12 questions as the name of the vessel, the name of  
13 the owner, the type of his boat, the size of his  
14 boat, the carrying capacity and the number of trips  
15 it would make a year, the tonnage it actually  
16 carried. About 58 per cent of the questionnaires  
17 which were sent out were answered and the figures  
18 were compiled to see just exactly what that 58 per  
19 cent actually carried.

20 It is a fact, a well known fact, that a  
21 vessel of say 100 tons gross is capable of carrying  
22 -- in fact they carry 110 to 115 tons but in taking  
23 the balance of those who did not reply to the  
24 questionnaire instead of figuring the maximum  
25 capacity of the boat, we have taken first of all,  
26 the average cargoes carried of the others and  
27 the gross tonnage only so the figure should be only  
28 an estimate of 338,000.

29 Q. Mr. Young, as you know, the  
30 Canadian National Railway operates a marine service





1 around the coast of Newfoundland. Is that service  
2 restricted to freight?

3 A. Not if I understand the question. The  
4 Canadian National Railway carry freight, passengers  
5 and mail. Is that what you mean?

6 Q. Yes; so therefore their operation is a  
7 three-fold one?

8 A. That is right.

9 Q. Have you any figures available, and if  
10 so, from what source, as to the tonnage carried in a  
11 given year by the Canadian National Railway marine  
12 service coastalwise? I do not mean the tonnage  
13 brought into the Province by the Canadian National  
14 Railway vessels, either through North Sydney or the  
15 Port aux Basques or in any other way but redistribution  
16 around the coast by Canadian National Railway vessels.  
17 Do you have any figures on that tonnage?

18 A. Well, the Canadian National Railway  
19 reported themselves that they carry -- their vessels  
20 carried 41,424 tons of cargo in the 1953-1954 season  
21 in the Newfoundland coastal trade.

22 Q. So the relative importance of the  
23 schooner fleet of Newfoundland can be shown by  
24 comparing the tonnage which it carries in excess  
25 of 338,000 as against the known reported tonnage  
26 of Canadian National Railway cargo over 41,000  
27 tons?

28 A. That is right.

29 Q. Would you care to explain to the  
30 Commissioners the part which the coastal fleet plays







1 in the fishery industry and fisheries of this  
2 Province?

3 A. Actually without the coastal fleet the  
4 fisheries in Newfoundland could not carry on. To give  
5 you some instance first of all the Canadian National  
6 Railway will not carry bulk cargo. That bulk cargo  
7 is salt.

8 Q. You mean the Canadian National Railway  
9 marine service?

10 A. Yes, the marine service will not carry  
11 fishery salt. Fishery salt is distributed in  
12 Newfoundland in bulk and the coastal fleet does  
13 carry out that very valuable service to the fisheries.  
14 Also---.

15 THE CHAIRMAN: Q. When you say "salt" how is  
16 salt carried?

17 A. Salt is carried -- It is bulk carriage.

18 Q. Not in barrels?

19 A. No. When Salt arrives -- it comes  
20 from various places, Turks Island, and from Spain  
21 and other places, it arrives in large steamers.  
22 Generally speaking it is discharged here in St.  
23 John's in bulk and at the other places around  
24 the island in bulk and it is then loaded on  
25 board our coastal fleet in some manner.

26 In addition the Canadian National Railway  
27 marine service do not carry bulk cargoes of fish.  
28 Fish, after it is made and prior to processing  
29 stands in it salt bulk state or in its dry state  
30 and the coastal fleet does perform this service.





1           Would you care to have me explain the problems  
2 of coasters in so far as the movement of these  
3 commodities are concerned and the economy of their  
4 operation?

5           Q.       Yes, if you would.

6           A.       I the case of salt, as I said,  
7 before the salt is carried in bulk very often the  
8 coasters in the early season of the year will arrive  
9 at an outport fishing settlement and the desired  
10 thing would be to have that salt discharged immediately.  
11 If that time should coincide with the peak of the  
12 fishery or even the commencement of the fishery  
13 when the fishermen are out in their boats or out  
14 fishing from their boats the coaster must await  
15 the return of these men not only to help perhaps in  
16 discharging but to take delivery of the salt itself.  
17 This, of course, is a service which the Canadian  
18 National Railway does not supply.

19           Similarly in the fall of the year after  
20 the fish has been made, after it has been dried,  
21 our coasters go to collect that fish. The fish  
22 can only be loaded in proper weather conditions.  
23 There are no storage sheds and if it is raining  
24 the dry fish cannot be loaded.

25           Sometimes these coasters must wait until  
26 the fish is accumulated and when the fish is  
27 brought in its bulk state to the point of export  
28 favourable weather again enters into the picture.  
29 If the weather is bad the cargo cannot be discharged.

30           The Canadian National Railway for its part





1 will take cargoes from assembly sheds to definite  
2 destinations and at these places they discharge it  
3 at various wharves and sheds. If someone is  
4 unfortunate enough to live ten miles away from that  
5 point he must go to collect his freight at the  
6 Canadian National Railway destination.

7 On the other hand our coastal fleet with  
8 shallow draught are suited for movement in such  
9 shallow draught harbours, will go and await the  
10 arrival of people, to take away cargoes, discharge  
11 salt, take on fish and perform a function which  
12 the Canadian National Railway can never hope in this  
13 world to replace or even perform themselves.

14 Q. Mr. Young, you have spoken of the  
15 functions provided by the coastal vessels in the  
16 distribution of goods and commodities around the  
17 coast and also to the whole of the fishing industry.  
18 Can you tell the Commission if the Newfoundland  
19 coastal vessels participate to any extent in the  
20 brining into Newfoundland of certain bulk cargoes  
21 from the Canadian mainland?

22 A. Indeed, the bulk cargoes from the  
23 Canadian mainland in 1953 -- I may not have the  
24 exact figures -- yes, in 1953 Newfoundland registered  
25 vessels brought into Newfoundland from Sydney  
26 87,419 tons of coal. In 1954 87,718 tons of coal.

27 Q. Mr. Young, what is your source of  
28 information as to those figures?

29 A. The Dominion Coal Company, North Sydney.  
30 Those figure were contained in a schedule which







1 they issued sometime in June and it is on our files.

2 Q. I take it then that tonnage was carried  
3 exclusively in wooden Newfoundland schooner type  
4 vessels?

5 A. That is right, Newfoundland coastal  
6 vessels.

7 THE CHAIRMAN: Q. That is not quite the  
8 same thing.

9 There are a few coastal vessels which are not  
10 the wooden type of vessel. Is that so? You have a  
11 few?

12 A. Very few, Mr. Chairman. This cargo was  
13 carried into Newfoundland in wooden vessels, I would  
14 say, 99 per cent.

15 MR. GREEN: Q. Mr. Young, I do not know if you  
16 heard the evidence given by Mr. Miller on the  
17 opening day of this hearing when he spoke of the  
18 tonnages, the average grain products brought into  
19 Newfoundland from the Canadian mainland in  
20 Newfoundland schooner type vessels. Do you have  
21 any information on that?

22 A. When we speak of the average which  
23 was brought into the country by our coasters we  
24 contacted the various agents in town, in St. John's,  
25 they informed us -- gave us figures which we  
26 approximated to 15,000 tons but, I understand that---.  
27 I did not actually hear the statement which Mr.  
28 Miller made. I understand that he had indicated  
29 that they have alone brought in 15,000 tons so in  
30 fact it is rather varied with the brief. We said,





1 "It has been estimated that at least 15,000 tons  
2 of flour is brought into Newfoundland yearly from  
3 the Canadian mainland by Newfoundland vessels."

4 It is a very conservative amount and in fact  
5 it may very well be perhaps double the amount.

6 Q. Would that tonnage of flour be brought to  
7 a large centre like St. John's by these wooden  
8 vessels?

9 A. By no means. These cargoes are dis-  
10 charged in as many as five or ten ports, drop-off  
11 shipments.

12 Q. In other words the flour is brought  
13 directly to the source of consumption or the place  
14 of consumption?

15 A. That is right, in small places. In  
16 some cases where it would be impossible for a  
17 steamer to bring it.

18 Q. Mr. Young, has your Committee determined  
19 the actual number of vessels registered in  
20 Newfoundland who are at the moment engaged in the  
21 coastal trade of this Province?

22 A. Yes, we know that number to be 214.

23 Q. What total gross tonnage would they  
24 have?

25 A. 21,472 gross tons.

26 Q. I think you have mentioned that the  
27 vast majority of these vessels are of wooden  
28 construction?

29 A. That is right.

30 Q. I think you have pointed out their





1 suitability as to draught to enable them to operate  
2 in a great many of the small coastal settlements of  
3 this Province?

4 A. Yes. The service can only be performed  
5 by shallow draught vessels.

6 Q. Would you say, Mr. Young, that these  
7 vessels are entirely suited and adapted to the  
8 Newfoundland coastal trade? Are all these features  
9 entirely suitable?

10 A. No. The vessels in the main -- I  
11 think I am correct in saying "in the main" are  
12 converted Labrador vessels, vessels which formerly  
13 went to Labrador and that fishery has disappeared.

14 Q. By "Labrador" you mean the Labrador  
15 fishery?

16 A. Yes. As the Chairman and Honourable  
17 Commissioners saw yesterday at Ayre and Sons wharf,  
18 you have a type of boat formerly a banker, converted  
19 to the coastal fishing on the coast of the island.

20 Q. What do you mean by "banker"?

21 A. A boat which formerly went to the  
22 fisheries on the Banks of Newfoundland, the fishing  
23 banks of Newfoundland on several occasions carrying  
24 dories. These two types of fisheries have in the  
25 main disappeared and new fishery techniques have  
26 developed requiring new boats, draggers, long liners  
27 and so on.

28 Q. You say these vessels originally  
29 intended for the Labrador fishery and the Grand  
30 Banks fishery have now been brought into the coastal







trade?

A. Rather than go into complete disuse.

COMMISSIONER WICKWIRE: Q. Is the Grand Banks' type of vessel, which has been converted to the coastal trade, the same type as the Labrador vessel? Are they pretty much the same?

A. No, they are different. I am not qualified to explain the differences. I know there is a difference. The Grand Bankers are deep sea boats of large size, 130, 140 or 150 tons as against the Labrador vessel which generally averages 70 to 80 tons.

THE CHAIRMAN: Q. Yesterday we saw one of each.

A. That is right, the Crystal Stream and the Robert Knickle at Ayre and Sons.

MR. GREEN: Q. Mr. Young, in the brief, which has been submitted to the Royal Commission on Coasting Trade by the Canadian National Railway and the Canadian Pacific Railway Company, it is advocated by those organizations that the Royal Commission recommend that the provisions of the Transport Act, which are to be found in the Revised Statutes of Canada, 1952, Chapter 271, that the Act be extended. The Canadian National Railway for itself has requested the geographical limits of the Act be extended from its present area within the Great Lakes west of the Island of Orleans and the McKenzie River to apply on or in respect of any sea or inland water of Canada and that the size of the vessels coming under the Section of





1 the Act be changed from 500 tons and over to 100 tons  
2 and over.

3 The Canadian Pacific Railway, for its part,  
4 requests that the Transport Act be extended to include  
5 all vessels engaging in the coastal trade of Canada.  
6 Has your Committee studied the implications contained  
7 in any extension of the Transport Act and have you  
8 any observations to put before this Commission with  
9 regard to its suitability or otherwise?

10 A. Yes. Our Committee made a comprehensive  
11 study of that question, the application of the  
12 Transport Act. We came to the conclusion very early  
13 that Act itself or the regulations are not applicable  
14 to Newfoundland and in our studies the first thing  
15 which occurred to us was that this Act was brought  
16 into effect in 1938 eleven years before Newfoundland's  
17 entry into the Confederation.

18 It was proposed, if that is the word, those  
19 who legislated it at that time could not have taken  
20 into consideration the things which apply in  
21 Newfoundland and we think that the circumstances  
22 existing here are naturally different than those  
23 who were embraced or were envisioned by the people  
24 who drew up the Act; entirely inappropriate.

25 In fact, it is our understanding that the  
26 Act was used or intended to equalize conditions  
27 of competition where a number of types of transport  
28 were used, such as water, rail and road. In  
29 Newfoundland the towns are completely around the  
30 island on the coastal area, no roads, relatively

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1 few railroads. Railroads from the standpoint of  
2 connection with these coastal areas does not exist  
3 practically and therefore the same conditions do not  
4 pertain to Newfoundland as comes within the scope of  
5 intention in creating that Act.

6 Q. Would you say the way in which these  
7 Newfoundland vessels are owned and operated, does  
8 that have any effect on the possible application of  
9 the Transport Act?

10 A. Yes, I would think that it has a  
11 definite bearing. In Canada, Mainland Canada, large  
12 Maritime companies operate steamship lines and  
13 usually they are intended for service purposes,  
14 coalers, grain carriers and lake and general cargo  
15 carriers, but here in Newfoundland, however,  
16 our boats are singly owned or family owned.

17 With the family owned ones perhaps the father  
18 owned the vessel with his sons acting as members of  
19 the crew. They carry on a trade. We just could not  
20 do that type of service which they perform with  
21 the application of the Act to singly owned or  
22 family owned type boats. It would be impossible  
23 in its application and policing and carrying out.

24 Q. Having regard to the types of cargoes  
25 carried and the areas in which these vessels operate,  
26 do you think it would be possible to effectively  
27 introduce such features as presumably would be made  
28 necessary if the Transport Act was extended to  
29 comply with such a regulation as the publication  
30 of tariffs and the licensing of vessels for







1 particular routes and that sort of requirement.

2 Do you think in your opinion that could possibly be  
3 extended or could that be imposed on the framework  
4 of our present coasting fleet?

5 A. I cannot see how it is possible to do  
6 that for a number of reasons. As I explained before  
7 the Coasters in Newfoundland carry out many functions.  
8 They are not just boats for one purpose and one alone,  
9 that is, not carrying one type of cargo. They carry  
10 bulk salt and then they may carry a variety of  
11 fishery supplies after that or perhaps at the  
12 same time they might carry with the fishery supplies  
13 general cargo and following that carry bulk fish,  
14 salt-bulk fish from points of processing and  
15 curing and also dry fish at another time and in  
16 the fall of the year carry cargoes of commodity  
17 goods all over and around the island.

18 Q. You spoke of these many coastal vessels  
19 having been adapted from their former use as fishing  
20 boats, and are you in a position to say whether in  
21 general the operation of these vessels is economical?

22 A. I know that the operation of these  
23 vessels is not economical; that is to say in cases  
24 where they make profits. Profits are very, very  
25 small and marginal to the point that they are unable  
26 to lay aside sufficient to provide for repairs and  
27 even to take care of the time when the vessel has  
28 outlived her usefulness to replace that.

29 Q. Is it not the case that many of these  
30 vessels which are owner operated actually do little





more than provide a living for the owner and possibly some members of his family?

A. I am not clear on the question, provide a living for other than the owner---?

Q. No, provide a living. What I mean to say is it not the case that with a great many of these vessels their operation is such that little more can be obtained than a living for the owner and his family who are actually engaged in the operation?

A. That is so in the case of some of the -- not the smaller ones, but the medium sized and larger ones and <sup>to</sup> pay the captain to operate that vessel for him well, the profits are doubtful, very doubtful. That is why you will find that the captain himself is part of the boat.

Q. Bearing these points in mind, do you see any effect which might follow on the economic operation of these vessels wif the Transport Act was extended to bring these vessels within its scope?

A. If the Transport Act were applied to these vessels it would impose hardships on operators of the boats in the filing of tariffs and arranging of schedules or adapting themselves to particular voyages at certain times. The fleet must remain flexible. The fleet must be ready and prepared to move into wherever the need is shown not only in order to give proper service to the Island; not bound under the regulation of any act, they must remain flexible.

Q. Mr. Young, as mentioned in their





1  
2 brief, the brief of the Canadian National Railways  
3 on this point, they have raised the matter that there  
4 should be equality and consistency within the coastal  
5 industry especially in reference to the aspect of  
6 competition. Have you any point to raise before  
7 the Commissioner with regard to what we may call the  
8 consistency or inconsistency of operation between  
9 the Canadian National Railway Marine Service and  
10 the Government of Newfoundland coastal vessels or  
11 coastal fleet?

12 A. Well, the Canadian National Railway  
13 asks for equality and consistency within the coasting  
14 industry as between rail and water carriers where  
15 in fact there can be no equality and consistency.  
16 The services performed by the Canadian National  
17 Railway and our coasting vessels are different.

18 Q. In this Province?

19 A. Yes. For instance the Canadian National  
20 Railway here ---. Our coasting fleet engages solely  
21 in the transportation of freight whereas the  
22 Canadian National Railway have a three-fold function,  
23 freight, passengers and mail.

24 Q. I think you have mentioned earlier  
25 in discussing the operation of these vessels that  
26 they carry bulk cargo. That is not done by the  
27 Canadian National Railway?

28 A. That is right.

29 Q. And certainly the company can say we  
30 are not waiting for fish and so on and that type  
of thing?







1 A. Yes.

2 Q. Are there any other aspects which strike  
3 you with regard to any points which may be to the  
4 advantage of the Canadian National Railway Marine  
5 Service operating in this Province?

6 A. There is one that we discovered in our  
7 investigations and that is the question of wharfage.  
8 The C. N. R. -- rather, I should say, our Newfoundland  
9 coastal vessels are obliged to pay to the Department  
10 of Transport certain side wharfages on their vessels  
11 and top wharfage on cargo. The C. N. R. is immune  
12 to these tariffs, at least, if not immune, they do  
13 not pay them and it is argued that as Government  
14 boats they are not subject to wharfage charges.  
15 So all our coastal fleet are required to pay these  
16 charges whereas the C. N. S. is immune.

17 Q. You have seen a document, Mr. Young,  
18 about the C. N. S. vessels operating on fixed  
19 schedules. I take it that means to designated  
20 ports of call?

21 A. That is right.

22 Q. Do you know if the C. N. S. is inclined  
23 to increase its number of ports of call for the  
24 handling of freight along the coast?

25 A. I think they prefer to shorten their  
26 lines of communication and that the C. N. S.,  
27 for its part, does not wish to increase the ports  
28 of call as in the case of their passenger service.  
29 Their tariff is compiled on a mileage basis at  
30 any increase in the ports of call to drop off





1 passengers means an increase in rates or continued  
2 changes in their tariffs so they are loath to --  
3 unwilling to add extra ports of call.

4 COMMISSIONER WICKWIRE: Q. Mr. Green, what  
5 are the ports of call for the C. N. S. Marine Service?  
6 How many are there, do you know?

7 MR. GREEN: Mr. Commissioner, I cannot tell  
8 at the moment the exact number. However, if you wish  
9 we can---

10 COMMISSIONER WICKWIRE: Q. No, I was just  
11 wondering as a matter of interest.

12 MR. GREEN: They have a number of services.  
13 I think there are 14 boats in all operated by the  
14 C. N. S. They operate such routes as a service  
15 for the south coast between Argentia and Port aux  
16 Basques. They operate a service in Placentia Bay.  
17 They have another service which operates in the summer  
18 from Newfoundland along the Coast of Labrador. They  
19 have another service to St. John's from the Northern  
20 Peninsula of Corner Brook on the west coast and so  
21 on.

22 As Mr. Young pointed out these vessels are  
23 actually combined freight and passenger boats and  
24 they also carry mail. For your information I can  
25 inform you that the C. N. S. schedule would give all  
26 the ports of call in this Province.

27 MR. GREEN: Mr. Young, is there anything you  
28 would like to say in summary on this point of the  
29 application of the Transport Act and Extension of  
30 the Act?





A. Merely to repeat that when the legislation

was enacted it was not intended or the legislators did not take into consideration or think that Newfoundland could be going into Confederation and the particular circumstances which apply here were never considered in the preparation of the Act. The Act itself of course, cannot be applied in Newfoundland.

THE CHAIRMAN: Q. Mr. Young, at the time the Statute was enacted there were then existing in Canada quite a few areas very similar in their problems to Newfoundland. You will not find many railroads at points along the shoreline of the St. Lawrence or roads at all. If you look at a roadmap of the Province of Quebec there is one road goes as far as the Bay of Trinity and very little beyond there. There are dozens of ports along that shore all the way up to the Labrador boundary.

The West Coast of Vancouver Island and in fact the West Coast of British Columbia has exactly the same situation and there are many island areas of the Great Lakes so therefore I suggest to you that these matters were in the minds of the draftors of the statute, and for that very reason they drew the statute in the form which they did and exempted them by leaving out anything less than 500 tons and by limiting their lines to the Island of Orleans a great deal west of the area to which I referred in the Gulf of St. Lawrence. They exempted those areas by the







1 two means to which I have referred so that instead  
2 of the Statute not being drafted considering  
3 Newfoundland it was drafted having in mind areas like  
4 Newfoundland and for the reason which you have outlined  
5 did not step into these areas.

6 MR. YOUNG: May I understand this, Mr. Chairman,  
7 that the application of this Act would not be extended  
8 to Newfoundland because of the reasons I have outlined.

9 THE CHAIRMAN: Q. I say this is the same  
10 situation and the draftors of the Statute stayed  
11 away from it, stayed away from problems which were  
12 similar to yours but the railway is asking that the  
13 Statute be extended to cover that particular situation.  
14 They are asking that the Statute be extended to  
15 an area, not to Newfoundland, but to a similar area  
16 from which the draftors stayed carefully away in  
17 1948, that is, not only in addition to Newfoundland  
18 but a major change in the policy of the Transport  
19 Act.

20 MR. GREEN: Q. Mr. Young, Mr. Matheson who  
21 was called as a freight rates expert to give  
22 evidence before this Commission spoke of the part  
23 that the then Maritime Provinces played in 1938  
24 in making representations before the Senate Committee  
25 studying this Act, and he gave it as his opinion  
26 that the reasons, except those reasons which the  
27 Chairman has outlined, which led the legislators  
28 to confine the application of this Act as they did,  
29 those reasons are still in effect in the case of  
30 the Maritimes and even moreso in the case of

10



1 Newfoundland and in view of the point having been  
2 raised now by two groups who are appearing before this  
3 Commission, do you wish to associate yourself with  
4 the remarks that Mr. Matheson made in connection with  
5 application of the Transport Act and express your  
6 opinion along those lines?

7 A. Of course we do not wish the Act to  
8 apply in Newfoundland for the reasons which I have  
9 given.

10 Q. Well now, in another brief filed before  
11 this Commission by the Canadian Congress of Labour  
12 of Canada they devoted a section of this brief to  
13 what they call the unfair competition on the Atlantic  
14 Coast. That section will be found in the submission  
15 to the Royal Commission, Volume 2, No. 75, page 6.  
16 The point that is raised there by the Canadian  
17 Congress of Labour, I am summarizing it briefly,  
18 is this, that the claims made by the Canadian  
19 National Railway Marine Service in Newfoundland  
20 is that they often find themselves faced with  
21 unfair competition from the coasting vessels of  
22 this Province by reason of the fact the C. N. S.  
23 Marine personnel are Union organized, being  
24 members of the Canadian Brotherhood of Railway  
25 Workers and other transport workers' unions and  
26 the vessels in the Newfoundland coasting trade,  
27 the independent vessels are not so union organized,  
28 Therefore the C. N. S. gives that as a reason to  
29 the Congress of Labour why it cannot pay higher  
30 wages on its coastal ships in the Newfoundland





1 service; and the Canadian Congress of Labour, admitting  
2 that the situation here is such they cannot union  
3 organize many of these coasting vessels, has  
4 recommended to this Royal Commission that a limited  
5 wage legislation be introduced to bring the level of  
6 wages paid by those independent Newfoundland coastal  
7 vessels up to the level of wages paid by the C. N. S.  
8 Have you any comments to make or any aspects which  
9 you would ask the Commission to bear in mind in  
10 considering this submission of the Canadian Congress  
11 of Labour?

12 A. I can merely repeat some of the opinions  
13 which we have expressed in our supplementary brief.  
14 To begin with the C. N. S. cannot consider itself  
15 in competition. The services are entirely different.  
16 If I may read from the first section of our brief  
17 in connection with that.

18 "The C. N. R. should not consider  
19 "itself as being in competition with the  
20 "Newfoundland coastal trade. The Railway  
21 "and its Marine Services in this Province  
22 "are actually owned by the Federal Government  
23 "and operated under contract for the Federal  
24 "Government by the C. N. R. The Terms of  
25 "Union guarantee that this service will be  
26 "maintained and it should be emphasized  
27 "that it is a service to Newfoundland, not  
28 "necessarily a profit-making venture."

29 Of course, the C. N. R. is unable to carry  
30 out the services performed by our coastal vessels.







1 Q. So that those are the services which  
2 you have already outlined?

3 A. Such as carrying of bulk cargo in  
4 shallow draught harbours and fish salt and the C. N. R.  
5 cannot consider themselves in competition because  
6 their freight is assembled for them. It is brought  
7 to sheds, assembled, and there taken away or  
8 delivered to ports on their scheduled destinations.

9 The C. N. R. itself does not subscribe to the  
10 same wage schedules. We have attached to our  
11 supplementary brief a schedule of wages paid by  
12 the C. N. R. where they place -- make a difference  
13 between the qualifications of Masters and Engineers  
14 and their wages are based on the responsibility assumed  
15 by these various members of their crews. In addition  
16 they base their wages on differentials between  
17 sizes and tonnages of boats.

18 Q. So I take it you mean by that that  
19 the scale of wages paid bears some relation to the  
20 size of the vessels being operated?

21 A. That is correct.

22 Q. There is no standard wage scale paid  
23 on all C. N. R. Marine ships?

24 A. No, The C. N. R. differentials on  
25 tonnages and types of vessels differs between  
26 steamers and motor vessels.

27 Q. As part of your supplementary brief  
28 there is attached a schedule of wages. Would you  
29 care to refer briefly to that and explain what it  
30 purports to set out?





1           A.       In our schedule attached to the  
2 supplementary brief we have broken down the boats  
3 operated by the C. N. R. for the Minister of  
4 Transport. We have broken down the boats into  
5 four categories of sizes and in one case there is a  
6 difference in the type of vessel.

7           In the first category we include such boats as --  
8 in fact it includes the boats, Cabot Strait , the  
9 Baccalieu, the Burgeo, the Kyle and the Northern  
10 Ranger. The gross tonnages of those boats range  
11 from 2,045 tons down to -- that is from the Cabot  
12 Strait , 2,045 tons to the Norther Ranger, 1,365  
13 tons.

14           Those boats are all oil burners. The Master,  
15 for instance, on those boats is paid \$441 per month.  
16 The same wage applies to the coal burner the  
17 Brigus, 2,875 tons and the oil burner Random 1,792  
18 tons, but on boats of lower tonnages such as the  
19 Bar Haven, the Springdale and Glenco ranging from  
20 1,138 tons down to the smallest boat, the Glenco,  
21 767 tons, they have differentiated and the captain's  
22 wages is \$420.

23           Again in boats operated for the Minister of  
24 Transport by the Canadian National Railway, the  
25 Motor Vessels Clarenville, the Codroy, the Burin  
26 and the Henry W. Stone, there they pay -- the  
27 average tonnage of 309 tons, there they pay the  
28 Master \$350. We have not entered the figure for  
29 the wages of the Newfoundland coasters. As I have  
30 said before---





1 Q. Paid to the Master?

2 A. I am sorry. The Master. As I have  
3 said most of them are singly family owned. Therefore  
4 the wage of the Master is the return from the operation  
5 of his boat. That does not apply in every case but  
6 generally speaking so.

7 THE CHAIRMAN: Q. To how many of the 214  
8 coasters does it apply, Mr. Young?

9 A. I am afraid, Mr. Chairman, I cannot give  
10 you any accurate figure. We can, of course, from our  
11 list in our records determine that but we do not in  
12 our investigation show the number of family singly  
13 owned as against the number of company owned but  
14 it would be relatively few.

15 Q. I wonder what "relatively few" means.  
16 Would it be 50 of the 214? I suggest to you some  
17 of the boats we saw yesterday in this harbour are  
18 owned by citizens, well established firms in St.  
19 John's. Do you know anything about what their  
20 Masters are paid or other persons in their crew?

21 A. Mr. Chairman, I do not think that  
22 that is so. In fact I would go so far as to say,  
23 although it is a guestimate, I would say that 80  
24 per cent of the 214 vessels are singly owned,  
25 singly family owned.

26 Q. 80 per cent?

27 A. I would say so.

28 Q. Who owns the Robert J. Knickle?

29 A. I am afraid I am unable to answer  
30 that.







1 Q. The Captain in speaking to us referred  
2 to the owner and pointed towards a building in front  
3 of which he was docked. I got the definite impression  
4 it was owned by the owner of that dock.

5 A. Mr. Chairman, we will be able to tell  
6 you from our records here who is the owner of the  
7 Robert Knickle.

8 MR. GREEN: The Robert J. Knickle, Mr.  
9 Chairman, I think of 144 tons, built in 1946 is  
10 listed as owned by one Sam Blackwood.

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12 (Page 1003 follows)  
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THE CHAIRMAN: Q. Are you referring to the brief?

A. No, this is actually a list of vessels which we have compiled, listed alphabetically and by owners, and under its alphabetical listing, I see the Robert J. Knickel was owned by Captain Blackwood. I think at one time Captain Blackwood was actually the skipper of that vessel but now he has been retired. If I may take instruction in that. Mr. Chairman, I am instructed that Mr. Blackwood, who is listed as the owner of the Robert J. Knickel is, in fact, the present captain.

Q. It may have been the Mate.

MR. GREEN: He may have been referred to as skipper, which might lead you to believe he was the Master. We use that term sometimes not in its strict nautical sense.

THE CHAIRMAN: When the matter of ownership came up we were trying to find out why these independent and often family groups, would suffer any dictation from labour unions as to their stevedoring, because as this man told us the articles signed by the seamen require them to load and unload the cargo and yet, when they arrived in St. John's Harbour, they sit on the hatches or around on the gunnels while the stevedores come on and load and unload. This officer of the ship - I use "officer" because I do not know what office he held - said that was absolutely required. Why should that be required? Who should dictate to these independent Masters what they should





1 do and what they should not do? He said the owner  
2 would be prevented from having his freight moved from  
3 the larger ships, such as the Furness Withy.

4 MR. GREEN: I think what he meant was the owner  
5 of the premises at which he was docked would be  
6 penalized. To take the illustration of the case you  
7 saw yesterday, Mr. Chairman, the Robert Knickel which  
8 was berthed at the Ayre & Son dock. If the Robert  
9 Knickel came in port and insisted that their own men  
10 unload the vessel and reload it afterwards I think  
11 what the gentleman you spoke to inferred was that the  
12 repercussion which might be expected to follow from  
13 that would be that the union would say to Ayre and  
14 Son at whose dock the vessel was docked, "You have  
15 allowed a vessel to come in and violate our working  
16 arrangement. You, having done that, then in turn,  
17 when you import goods from England or the Maritimes,  
18 we will not unload those goods at the Furness Withy  
19 dock." So, therefore, pressure is brought on the  
20 owners of waterfront docks to see that this arrangement  
21 is carried out. It is, therefore, in the interests  
22 of the waterfront property owners to see that these  
23 vessels make use of the stevedoring services provided  
24 by the longshoremen's union in the city, not that the  
25 owner of the premises owned the vessel but allowing  
26 another vessel to use his premises and not abide by  
27 the union requirements would result in the owner of  
28 the property being discriminated against.

29 THE CHAIRMAN: It is a very important matter  
30 in my opinion because all of your costs of importation







and transportation are affected by what I have witnessed and what was called the other day "feather bedding". Your importation of coal is affected by the inability of the operators of the docks to use what is already available in the way of automatic machinery.

Here you have in your coasting trade a method of procedure which seems pretty much tailored to the requirements of that trade. It is an integral part of the seaman's duty at any outport to proceed to load and unload cargo, his articles require him to do it every place; but, in what you say is a marginal trade, where the profit to the owner is very small, there is piled the additional cost of stevedores in St. John's harbour. That is of some interest to us.

COMMISSIONER BELANGER: Is it limited to St. John's, North Sydney and Corner Brook?

MR. GREEN: It is definitely limited. I am not quite sure as to the exact limitations. Possibly one of the witnesses we will call later this morning will have some information on that. I do not know whether Mr. Young has any information on it.

A. I am sorry, I don't know.

Q. I think it is fair to say there are stevedoring unions in Corner Brook, especially in regard to the export of paper from that port, and also in Lewisporte, which handles the export of paper from Grand Falls. There may be others and I will attempt to discover that for you.

Mr. Young, returning to the question of wages,





1 have you any further comments to make with regard to  
2 this recommendation made by the Canadian Congress of  
3 Labour to bring the wages in the Newfoundland coasting  
4 trade up to the level of the C.N.R.?

5 A. I would like to make the further comment  
6 that the average tonnage of the C.N.R. is 1,501 tons,  
7 the average tonnage of the C.N.R. motor vessels is  
8 309 tons; our survey has shown that the 214 vessels  
9 mentioned in our brief have a total tonnage of 21,241  
10 tons, or an average of a hundred tons. Also, we are  
11 not comparing like figures. The Canadian National  
12 Railways' vessels are steamers and are full of  
13 machinery; our coastal vessels are equipped with a  
14 propelling unit and a pump. They just do not compare.  
15 As I say, with the difference in tonnage and the  
16 difference in machinery the general conditions do not  
17 tend to cause the wages to be the same. Apart from  
18 that, of course, there is the economic aspect.  
19 Generally speaking, the wages which are being paid on  
20 coasters is as much as the traffic can bear.

21 Q. Do you think there would be any effect  
22 felt by the coasting trade, if, by legislation,  
23 minimum wage laws were passed?

24 A. Well, unless freight rates could be  
25 substantially increased these coasters would go out  
26 of business; and if freight rates were to be increased,  
27 well, then, it is obvious that it would have an effect  
28 on the 240,000 people who are spread around our coast.

29 Q. Thank you very much, Mr. Young.

30 MR. GERIN-LAJOIE: Q. Mr. Young, I have a few





1 questions on which you might possibly bring some  
2 clarification. You mentioned at a certain place in  
3 your brief that the number of schooners is decreasing  
4 in Newfoundland at the present time and has been for  
5 the past few years, I believe. Have you any reason  
6 to suppose that this business is going to decline  
7 any more, or is there any explanation for this trend?

8 A. I may be able to answer your question  
9 in this way: The average age of the 214 vessels  
10 is 18 years. Starting with the tonnage group of 10  
11 to 30 tons there are 29 vessels in all and the  
12 average age is 13 years. Going on down, 30 to 40  
13 tons, 22 vessels, with an average age of 14 years.  
14 40 to 50 tons, 15 vessels, with an average age of  
15 16 years. That just illustrates the general trend  
16 of age in these vessels. You will see that most of  
17 them are quite old.

18 Might I ask if Mr. Green intended to cover  
19 this question with another witness? If so, it might  
20 be better covered --

21 MR. GREEN: Mr. Chairman, I had intended to  
22 call Mr. Harvey, who is the Director of Vessel  
23 Construction in the province, and I intended to  
24 direct certain questions as to the disappearance of  
25 the fleet.

26 MR. GERIN-LAJOIE: It will be quite all right  
27 to put the questions to the other witness my friend  
28 intends to call.

29 Q. I do not know, Mr. Young, whether you  
30 would like to give the information on this point or







1 pass it on to another witness: You have explained  
2 the typical schooner has to waste considerable time  
3 waiting the convenience of shippers. Would you care  
4 to express a view as to the percentage of time  
5 occupied in loading and unloading and the time spent  
6 in carrying the goods from one place to another,  
7 relating one to the other?

8 A. If I may, I would like to ask Mr. Green  
9 if he proposed to have that dealt with by someone who  
10 is much more adequate to handle it than I am?

11 MR. GREEN: Perhaps Mr. Young might care to  
12 make an estimate. I will bring the question to the  
13 attention of other witnesses who might be in a better  
14 position.

15 A. The time waiting, you are thinking --

16 MR. GERIN-LAJOIE: Waiting and the time used  
17 loading and unloading.

18 A. Well, there are extreme instances of  
19 course; but generally speaking, I would say that in  
20 the fall of the year, in the autumn, vessels going on  
21 our coasts to load dry fish would be required, in some  
22 cases, when the weather is inclined to be poor during  
23 the fall, particularly in our northern places, possibly  
24 two weeks, and in other cases, it has been known that  
25 vessels would come here to St. John's to discharge a  
26 cargo and be obliged to wait a month for the discharge  
27 of that cargo. I do know of instances of that sort.  
28 I cannot tell you whether it applies in every case  
29 but Mr. Green may care to call a witness to state the  
30 length of time it does take to load and unload.





1 Q. Mr. Young, would that situation explain  
2 to a large extent, in your opinion, the marginal  
3 situation from the financial standpoint of the shipping  
4 business on the coast of Newfoundland?

5 A. It does have quite a bearing.

6 Q. And, regarding this marginal financial  
7 situation, would it be explained also by the fact that  
8 there is too much competition, for instance, too many  
9 ships soliciting the shipping business along the coast?  
10 How is it that the shippers cannot get higher prices  
11 if their business is just marginal at the present time?  
12 If it is a general situation how is it that the  
13 charges made for transporting the goods are not brought  
14 to a higher level by all the shippers?

15 A. It is probable that over the years the  
16 operators of these vessels have not increased their  
17 rates in accordance with the extra cost of operating  
18 their vessels. It is not true to say, though, that  
19 there is a lot of competition in the sense that  
20 there are a great many boats and the owners all vying  
21 with each other to get the freight, because it has  
22 been shown that our fleet has gone down over a period  
23 of years and even this year it is quite difficult to  
24 get boats to carry salt around. There were not  
25 sufficient units to carry on the trade, the operation,  
26 early this year, to bring salt to various points  
27 around the island.

28 Q. I am trying to see what are or may be  
29 the explanations for this marginal situation. I have  
30 in mind the economic law of supply and demand and I am





Wondering if there are too many ships or too much  
space on ships being offered for the transportation  
of the goods which have to be transported.

A. Well, it is a fact that the operations  
are marginal. In a lot of cases the operators run  
into losses which do not allow them to replace their  
units.

Q. I am wondering if one of the main  
reasons for that would be there are too many ships?

A. I don't think it is a matter of too  
many ships; it may be. It would seem obvious that  
the rates are lower than perhaps they should charge  
in order to come out with a clean skin.

Q. But you do not know why they would be  
lower, why they would have been kept at too low a  
level, you have no opinion?

A. No.

Q. Or any explanation for this situation,  
have you?

A. No. I suppose it would be, I am sorry  
to say -- I suppose it would be, but I would believe,  
of course, that each Master is anxious to get freight  
to carry -- cargo to carry from one place to another  
I don't think competition is that keen that it has  
been the cause of keeping the rates down. I think  
perhaps they have not regarded the economics of their  
operation and studied it to the point where they have  
increased their rates in proportion to their increased  
costs.

Q. Did you mean to say in your examination







1 in chief that almost all vessels are privately or  
2 family owned? Would there be competition between  
3 quite a number of family owned vessels and a number  
4 of vessels owned by larger organizations, one being  
5 more efficient than the other? I wonder if you have  
6 just competition between privately owned vessels or  
7 do you have competition between a number of privately  
8 owned vessels on the one side, and on the other side,  
9 a few organizations having a larger business and a  
10 different way of operating?

11 A. I would prefer not to answer -- or at  
12 least, I should say I am unable to answer your  
13 questions. I think it might very well be put to one  
14 of our later witnesses who is in that type of business.  
15 His answers, of course, would be much better than any  
16 guesses of mine.

17 Q. Thank you, very much, Mr. Young. Would  
18 you care to give a few explanations in regard to the  
19 Transport Act? First of all, is it your views that  
20 the application of the Transport Act to Newfoundland,  
21 as proposed by the railways - not only to Newfoundland,  
22 of course, but the whole of Canada - would require a  
23 particular schooner to stick to a particular route  
24 or trade, or a particular schedule; or that the  
25 schooners could be freer than that?

26 A. Well, it is my feeling that if these  
27 vessels come under the Act, down to 100 tons, it will  
28 not affect too many of them; but, nevertheless, it  
29 will impose a burden on the operators in that I  
30 understand the Act will require them to file tariffs.





1 Yesterday the Honourable Commissioners saw the type of  
2 cargo carried on these boats. You found gasoline drums,  
3 kerosene, crates of oranges, crates of soft drinks  
4 and a cargo of lumber on deck, and the like. The  
5 cargo consists of perhaps a hundred or more different  
6 articles and to subscribe to a tariff or be bound by  
7 rates within a certain area would make it very  
8 difficult for the owners and operators of these small  
9 boats, very small boats, carrying such a diversifica-  
10 tion of cargo.

11 Q. Do you mean these small boats have to  
12 adapt their rates to each particular shipment or do  
13 they have more permanent rates?

14 A. It would, of course, be on a mileage  
15 basis and rates would apply --

16 Q. How is it at present? I mean, do you  
17 mean they do not have any fixed tariff at all?

18 A. They have a tariff of their own but  
19 not fixed. They have rather a basis for charging,  
20 these operators, freight rates, but there is no  
21 general freight rate applying to any particular  
22 article for a particular route or length of voyage.

23 Q. Now, in the course of your study of  
24 this problem have you found any other disadvantage  
25 than the filing of a tariff which would follow from  
26 the extension of the Transport Act? Is it mainly  
27 a question of fixing and filing a tariff, or have  
28 you found some other disadvantages which would  
29 follow?

30 A. No, I am afraid I don't know of any





1 other disadvantages. We assume -- or at least,  
2 I assume that the rates would be related to the rates  
3 of other carriers, such as the Canadian National  
4 Railways; but, of course, we do not have any radio  
5 communications so that we would have to confirm that  
6 traffic by radio. Generally speaking, there would  
7 be restrictions under the Act and, as we felt the  
8 legislators did not have Newfoundland in mind and that  
9 Newfoundland's case is not comparable to places on the  
10 mainland, that it would be an imposition on the  
11 operators.

12 Q. The Chairman pointed out to you that  
13 the situation in the lower St. Lawrence River might  
14 be comparable to Newfoundland's situation. You have  
15 not studied this particular aspect, or have you?

16 A. No. I would doubt if there is any  
17 situation comparable to our Newfoundland situation.  
18 I do sincerely believe it is a special case. I doubt  
19 if you will find anywhere else a population so thinly  
20 spread out and yet so many people. As I said before,  
21 there are 240,000 people thinly spread along a coast  
22 line of 6,000 miles with relatively no means of trans-  
23 portation except by sea. Anything which affects  
24 transportation by sea or retards it in any way  
25 interferes with its flexibility and is something which  
26 we should resist.

27 THE CHAIRMAN: Q. You have not read all the  
28 briefs, of course - you have not been faced with  
29 that unhappy task - but there is a brief filed by  
30 a gentleman whose name I believe is George Nicholson,









1 B20, and the words you use are almost the words he  
2 used, with the exception he refers to the west coast  
3 of British Columbia while you refer to the coast of  
4 Newfoundland. Talking of the same thing he points  
5 out that neither roads nor railroads reach these  
6 isolated settlements.

7 A. Mr. Chairman, I did not hear the  
8 gentleman before, nor --

9 Q. I am pointing out your problem in relation  
10 to distribution of population along coastal points not  
11 otherwise touched by transportation is one which occurs  
12 throughout any part of a land which is as broad-spread  
13 and thinly populated as the Dominion of Canada. I think  
14 for that very reason it has been handled by the  
15 drafters of the Transport Act in a different fashion.

16 MR. GERIN-LAJOIE: Mr. Chairman, I would like  
17 to ask the witness or his counsel whether they have  
18 any figures to show the extent to which operating  
19 subsidies are paid, either by the federal government  
20 or the government of Newfoundland, to assist in the  
21 provision of coasting services.

22 MR. GREEN: Mr. Chairman, the only subsidy  
23 with which I am familiar is a bounty paid on new  
24 ship building for the coasting trade by the provincial  
25 government. Evidence will be called to show what  
26 that subsidy is.

27 You might care to ask the witness whether  
28 there is an operating subsidy.

29 THE WITNESS: There is no operating subsidy to  
30 my knowledge. In fact, I can say there is not an





operating subsidy.

MR. GERIN-LAJOIE: Those are all the questions I have of this witness, Mr. Chairman.

COMMISSIONER WICKWIRE: Q. Would you know, Mr. Young, the proportion of your coastal fleet which was built in Newfoundland, these 214 vessels?

A. Here again, I could make an estimate - I think that it would probably be in the vicinity of 90 percent - but one of the later witnesses can tell almost exactly.

MR. GREEN: We are calling in evidence the Director of Vessel Construction in the province who I think would be in a better position to give evidence as to that figure.

COMMISSIONER BELANGER: Q. Have you any idea of the percentage of the total amount of coal carried from Sydney to Newfoundland which is carried by your vessels?

A. Yes, I think I can tell that.

Q. And carried by British bottoms and other Canadian bottoms?

A. I am unable to tell you anything in connection with British bottoms but I can give you a comparison between the number of tons of coal carried by our Newfoundland coasters and the quantity of coal brought in by steamers, a general statement. I cannot give you the names of the steamers. The amount of coal, as I said before, carried to Newfoundland in 1953 by our Newfoundland coasting vessels was 87,419 tons. Steamers brought in 121,261 tons. That was





in 1953. In 1954 our coasting vessels brought in

87,718 tons of coal and steamers 108,410 tons of coal.

Q. Would you think if the coastal trade in Canada were restricted to Canadian bottoms it might help your ships?

A. Thinking of the coasting trade, they are Canadian bottoms bringing in coal. Our coastal shipping is --

Q. What I mean is, in the transportation of coal from Sydney to Newfoundland I gathered the other day there were some British bottoms carrying this coal. Do you think that if the coastal shipping in Canada were restricted to Canadian bottoms that that might help your coastal ships?

A. I am unable to express an opinion on that. I know that our coastal ships brought in 87,000 tons in 1953 and 1954 into shallow draught ports. I have not given the matter of British bottoms or any other type of ship carrying coal into Newfoundland, any thought.

THE CHAIRMAN: Q. It would be most inefficient to use your coasters to bring large shipments of coal from Sydney to the city of St. John's because it would be most inefficient to unload them and they would only carry a small quantity at a time.

A. Our coasting vessels do not bring coal into St. John's.

Q. Mr. Belanger was concerned with whether a new avenue of trade would result to the coasters by the restriction of the coasting trade to Canadian









1 vessels, that you might then bring in some of the coal  
2 which is now being carried by steamers of United  
3 Kingdom registry. That would hardly result. What is  
4 being carried by steamers of United Kingdom registry  
5 is not the coal you are carrying at all but the coal  
6 headed for St. John's or Corner Brook?

7 A. For the larger ports.

8 Q. Where they can take these deep draught  
9 vessels.

10 MR. HICKMAN: May I ask a couple of questions,  
11 Mr. Chairman?

12 Q. Mr. Young, you told the Commission that  
13 under the terms of union between Newfoundland and  
14 Canada the Canadian National Railways are required to  
15 give the same type of passenger and freight service,  
16 marine service, as then prevailed. Is that correct?

17 A: Yes.

18 Q. Now, I would like to direct your attention  
19 to the exhibit attached to your supplementary brief -  
20 that is, the exhibit where you list the vessels and  
21 steamers owned by the Canadian National Railways. Now,  
22 the Bar Haven and Springdale in particular, were those  
23 boats in operation before Confederation?

24 A. No, I don't think they were. I am not  
25 certain of that.

26 Q. I think you will find they were in  
27 operation. They were built by the Newfoundland Rail-  
28 way, were they not, or for the Newfoundland Railway?

29 A. If they were in operation before  
30 Confederation they must have been.





1 Q. Can you tell the Commissioners the name  
2 or type of vessel now operating on the Placentia Bay  
3 run from Argentia around to Marystown on the Burin  
4 Peninsula?

5 A. I believe it was the Bar Haven on there..  
6 Again, you are asking me questions -- If you had  
7 served any type of notice you were going to ask these  
8 questions I might have been able to answer them but I  
9 do not wish to be embarrassed by things I am unable to  
10 answer.

11 Q. Do you know if any witness will be called  
12 by your counsel who can outline to the Commission the  
13 extent of the coastal service and the various vessels  
14 operating along each coast?

15 A. No, I don't know of anyone who will be  
16 called on that particular aspect.

17 Q. You are not in a position to advise the  
18 Commission as to whether or not there has been, in  
19 fact, a curtailment of the services of the C.N.R.?

20 A. Coasting service? No. Except insofar  
21 as I understand the steamer Brigus has been offered  
22 for sale and has, in fact, been sold.

23 Q. Is it not a fact that two of the so-  
24 called Clarendville boats are now used in the passenger  
25 service?

26 A. Two of those --

27 Q. You know, the motor vessels?

28 A. Yes.

29 Q. Is that the fact?

30 A. That two of them are used in the





1 passenger service?

2 Q. Yes.

3 A. I believe that is so.

4 Q. Do you know if any of that type of  
5 vessel was used in the passenger service prior to  
6 Confederation?

7 A. In the passenger service? I don't  
8 think so, no. They were used in freighting service  
9 always to my knowledge.

10 COMMISSIONER WICKWIRE: Q. Does that mean  
11 passenger service exclusively?

12 MR. HICKMAN: No, a combined passenger and  
13 freight service.

14 The position is, Mr. Commissioner, the Bar  
15 Haven has been taken off the Placentia Bay run and  
16 replaced by a motor vessel. Probably I will be able  
17 to get that out through one of the other witnesses.  
18 It is a well known fact that the Canadian National  
19 Railways scheduled runs have been altered.

20 Q. Now, Mr. Young, before you went with  
21 the Fisheries Board or Fisheries Department in  
22 Newfoundland, you were engaged in the coasting shipping  
23 business?

24 A. I was employed by a company carrying --  
25 as one activity the coasting trade, yes.

26 Q. When you were engaged in that business,  
27 or since you have been with the provincial govern-  
28 ment, have you had any dealings with port facilities  
29 in North Sydney, Nova Scotia?

30 A. Not since I joined the Newfoundland







1 Fisheries Development Authority; but prior to that, yes.

2 Q. Can you give any comments or advise the  
3 Commission as to the existing port facilities at North  
4 Sydney for the loading of coal into the small coasters  
5 you have told us about?

6 A. I haven't seen the loading facilities  
7 at North Sydney but in my former employment the company  
8 I worked for operated a freighter and that freighter  
9 carried coal from North Sydney to various points around  
10 Newfoundland. That vessel going there was delayed  
11 on quite a number of occasions during loading or  
12 waiting to load.

13 Q. Thank you.

14 MR. GERIN-LAJOIE: Mr. Chairman, might I ask  
15 the witness at what period that occurred, or what  
16 period he was talking about.

17 A. When it was that that vessel was delayed?

18 Q. No, that the situation you have just  
19 described occurred, at what time did you notice the  
20 situation you have just described to the Commission?

21 A. Delay in loading?

22 Q. Yes, was it last year or ten years ago?  
23 For the purposes of the court it would be useful to  
24 know about what period it was.

25 A. That was over a period of four to five  
26 years, commencing 1947-48. That is generally  
27 speaking, that was the case, that there were undue  
28 delays in North Sydney loading coal. A vessel would  
29 go there and possibly wait from seven to eight days  
30 until coal cargo could be loaded and meanwhile other





1 vessels were loading while these coastal vessels  
2 waited, in particular the vessel mentioned.

3 Q. You mean, you had personal knowledge  
4 of this situation for about four years from 1947 on,  
5 did I understand you correctly?

6 A. Yes. These delays did occur over a  
7 period of four or five years when that boat of ours  
8 went to Sydney to load coal; for that period these  
9 delays occurred.

10 THE CHAIRMAN: Thank you, Mr. Young.

11 MR. GREEN: Thank you, Mr. Young.

12 --- The witness withdraws.

13 THE CHAIRMAN: Ten minute recess.

14 --- Recess at 11.30 o'clock A.M.

15  
16 (Page 1022 follows)  
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1 --- On resuming at 11.45 o'clock A.M.

2 THE CHAIRMAN: Proceed, Mr. Green.

3 MR. GREEN: Mr. James Grieve.

4  
5  
6 JAMES GRIEVE, Called:

7 MR. GREEN: Q. Mr. Grieve, you are a member  
8 of the Committee on Newfoundland Coastal Shipping,  
9 are you not?

10 A. I am.

11 Q. You are also Chairman of the Newfound-  
12 land Ship Owners and Shipbuilders Advisory Committee?

13 A. That is correct.

14 Q. What other official connections have  
15 you of interest in this matter?

16 A. Commercially I am a director of  
17 Bowring Brothers Limited and also Chairman of the  
18 Newfoundland Fish Trades Association.

19 Q. You are a director of Bowring Brothers  
20 Limited and Chairman of the Newfoundland Fish Trades  
21 Association. In your connection with Bowring Brothers  
22 in  
23 Limited/what aspect of their business are you mostly  
concerned?

24 A. Our fishing activities, sealing  
25 activities, such fishing activities as we have, and  
26 in shore.

27 Q. Thank you very much. Mr. Grieve, in  
28 the brief submitted by the Committee on Newfoundland  
29 coastal shipping certain recommendations are made  
30 with regard to Home Trade Classification of vessels







1 coming under the provisions of the Canada Shipping  
2 Act. Would you explain to the Commissioners what  
3 present northern limit there is on Class 2 vessels  
4 operating in Home Trade, bearing in mind that most  
5 Newfoundland coastal vessels come under Class 2 of  
6 the Canada Shipping Act classifications?

7 A. I take it you refer to the far northern  
8 water. The present northern limit for Class 2  
9 trading is not north of Cape Chidley. Cape Chidley  
10 is at the entrance of the Hudson Strait. You can get  
11 through a little strait, Forbes Strait, but only very  
12 small vessels can get through there, which means the  
13 majority of our present coastal fleet cannot trade  
14 into those northern waters unless they bring their  
15 life saving equipment up to Class 1 specifications,  
16 or as has been done on occasion, obtain special  
17 permit for one voyage.

18 Q. Cape Chidley, I take it, is not directly  
19 at the entrance to Ungava Strait?

20 A. Cape Chidley is not the most northern  
21 point, which would enable you to trade anywhere  
22 within there if you did get in.

23 Q. I think you have explained only vessels  
24 with shallow draughts can get through the Forbes  
25 Strait?

26 A. Yes.

27 Q. Class 2 vessels cannot go north of that?

28 A. No.

29 Q. What is the practical effect of the  
30 present limit being Cape Chidley?





1           A.       The practical effect is that it is now  
2 limiting seriously the type of vessel which could  
3 trade in those waters. I would say for the past  
4 five years the activity in the Hudson Strait up to  
5 Frobisher Bay where the R.C.A.F. maintain an establish-  
6 ment, and right down to Ungava Bay, there has been a  
7 tremendous amount of mining exploration going on there.  
8 Right down here (indicating) into James Bay where there  
9 is more activity every day. Rankin Inlet (indicating)  
10 this has suddenly mushroomed up and there are five  
11 times the number of vessels required to go in there.

12               Prior to Confederation all our Newfoundland  
13 vessels traded freely into the Hudson Strait, we were  
14 not bound by any regulation.

15               If I might refer to a particular type of vessel  
16 of the type of the Robert J. Kneckel, which the  
17 Commission visited yesterday, that was the type of  
18 vessel which carried on this trade and there is no  
19 reason why this vessel should not trade there again  
20 if they raised the north limit from Cape Chidley and  
21 moved it up to the 65th parallel. If you can go as  
22 far north as Cape Chidley in safety you can still go  
23 in there in safety from a navigational point of view.

24           Q.       You have explained to the Commissioners  
25 the increasing development in that northern area  
26 which means there is an increasing trade and, con-  
27 sequently, there is an increasing call on the services  
28 of vessels in that area. Is there a particular reason  
29 why the Newfoundland coastal vessels are anxious to be  
30 able to engage in that trade?





1           A.       Yes. The reason is this: There are  
2 many small hole-in-the-wall ports there in which  
3 large type vessels cannot operate. The present system  
4 is to take the cargo in ships of 2,000 tons and use  
5 small vessels to take the cargo in. That is, where  
6 a certain percentage of our larger Newfoundland  
7 vessels can not --

8           MR. GERIN-LAJOIE: I believe it would help  
9 the record if the witness would name the places.

10          A.       I can't name them all, but I can give  
11 some examples.

12          Q.       Describe them by region, the Hudson  
13 Bay region, a short description, so someone reading  
14 the record will understand what you mean.

15          A.       A typical example is this place called  
16 Rankin Inlet on the west coast of Hudson Bay.

17          COMMISSIONER WICKWIRE: Q. In the Northwest  
18 Territories?

19          A.       Yes. Rankin Inlet is used as an anchoring  
20 port for the larger vessel, from which materials are  
21 then distributed up Chesterfield Inlet into Baker Lake,  
22 where the R.C.A.F. have, I think, a fairly large  
23 development now. It is only possible to navigate up  
24 Chesterfield Inlet and the river into Baker Lake with  
25 small type of vessels. Would that example be  
26 sufficient?

27          MR. GERIN-LAJOIE: That is all right. Thank  
28 you very much.

29          MR. GREEN: Q. I take it from that, Mr. Grieve,  
30 the average Newfoundland coastal vessel is admirably







1 suited for operations in this type of area you have  
2 described?

3 A. I would qualify that by saying the  
4 average coasting vessel, say, over 100 tons. I would  
5 not suggest every coasting vessel be allowed to go.

6 Q. But the net effect at the moment is,  
7 because of the northern limit at Cape Chidley, they  
8 are not able to engage in this trade freely and can  
9 only do so by obtaining special license?

10 A. That is right.

11 Q. In view of the importance of this new  
12 developing trade do you think the availability of  
13 Newfoundland ships for this trade will be of help in  
14 the economic maintenance of the Newfoundland fleet?

15 A. I do. I feel if these boats were free  
16 to trade freely, these boats would make special trips  
17 in to there in the summer when normally our coasting  
18 trade is on its downward curve.

19 Q. Bearing these factors in mind, does your  
20 Committee wish to make any recommendations with regard  
21 to the present northern limit?

22 A. Well, we would like to recommend either  
23 that the Canada Steamship Inspection Service be pre-  
24 pared to allow Class 2 vessels to go north of Cape  
25 Chidley with their present life saving apparatus -  
26 that is, the use of dories instead of full scale  
27 life boats - or, that the government - because I  
28 think this limit was done by legislation - lift the  
29 limit from the present limit of Cape Chidley to  
30 the 65 th Parallel.





1 Q. Is it fair to say, Mr. Grieve, that the  
2 present limit of Cape Chidley was imposed at a time  
3 before these northern waters began to develop and,  
4 consequently the need was not seen at that time for  
5 a more northerly limit?

6 A. Yes, I think it is fair to say that,  
7 bearing in mind when that limit was imposed there  
8 was still a fair amount of shipping going into the  
9 Hudson Bay for the Hudson Bay Company and, presumably,  
10 those boats had to have a special permit even at that  
11 time.

12 Q. In addition you mentioned that one  
13 recommendation of your Committee is that -- Well, as  
14 I understand it, your recommendation that the  
15 certified Newfoundland vessels be permitted to carry  
16 lifeboats (sic) instead of dories (sic). What effect  
17 would that have on their classification?

18 A. May I say they be permitted to carry  
19 dories instead of lifeboats.

20 COMMISSIONER WICKWIRE: Just the opposite.

21 MR. GREEN: Q. I am sorry, that they be per-  
22 mitted to carry dories instead of lifeboats. Would  
23 that affect their classification?

24 A. It is just a matter of them allowing a  
25 Class 2 vessel to become temporarily a Class 1 vessel  
26 for that specific area.

27 Q. In other words your recommendation then,  
28 is that vessels in Class 1 -- In other words, these  
29 vessels would become Class 1 vessels and they would  
30 be permitted to carry dories in lieu of lifeboats





when engaged in operations in that particular area?

A. Yes.

Q. Would you care to make any comment with regard to the suitability of a dory as life saving apparatus, comparatively.

A. The only comment I would like to make is a typical Newfoundland comment: In this country we consider a dory a far better piece of life saving apparatus for coastal trading than a lifeboat. It is easier handled, you can get it out if you have to try and get to shore, where there is a heavy sea running. The dory will take you on to the beach whereas a lifeboat will turn and go in sideways.

Q. You recommend the present Class 2 limits be extended from Cape Chidley to the 65th parallel?

A. Yes.

Q. And that would permit free operations of vessels in the Ungava Straits, Hudson Bay region?

A. It would.

Q. You are further of the opinion that the opening up of this area to Newfoundland coastal vessels would be a most desirable aspect from the point of view of Newfoundland operations?

A. I am.

Q. I think you were present, Mr. Grieve, when Mr. Young gave evidence with regard to the proposed extension -- or, the submission which would recommend the extension of the application of the Transport Act to vessels in such a way as to bring the majority of coastal vessels in this province







1 under that Act. Would you care to make any comment  
2 from your own knowledge and experience with regard to  
3 that proposal?

4 A. Well, if my interpretation of what the  
5 Transport Act would call for is correct - first, that  
6 you must prepare a schedule, submit a schedule of  
7 tariffs or rates for your proposed trading and,  
8 secondly, I understand you must obtain a license to  
9 engage in certain routes - I have not the slightest  
10 doubt in my mind the thing would be perfectly  
11 unwieldy. It would, in fact, put some people out of  
12 business. We have a number of coasting units in this  
13 country whose owners or Captains simply would not know  
14 how to go about it.

15 THE CHAIRMAN: Q. Go about what?

16 A. Preparing a tariff. Out of these 214  
17 vessels --

18 Q. There are a large number of wage earners  
19 who cannot fill out an income tax report but they keep  
20 on submitting them. Somebody prepares them for them.

21 A. Each owner would have to prepare and  
22 publish his own tariff; is that correct?

23 Q. I think that is the provision but surely  
24 it is not the preparation of the tariff but the  
25 application of it to circumstances which vary from  
26 day to day which would cause the difficulty, would it  
27 not? These trades you have, in short, are not trades  
28 which are subject to heavy regulation of a binding  
29 and restricting character; and that, in essence, is  
30 their ability to adapt themselves to whatever job

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4. Proposed a meeting of the Board of Directors of the American Association of University Professors, to be held in New York City, on the 10th of May, 1914.



1 comes along.

2 A. That is what I feel.

3 Q. I agree with that.

4 MR. GREEN: Q. Are there any further comments  
5 you would like to make, Mr. Grieve?

6 A. No, I don't think so.

7 Q. My learned friend Mr. Gerin-Lajoie in  
8 questioning Mr. Young asked him if he thought the  
9 only aspect of the extension of the Transport Act  
10 which would have a detrimental effect on the coasting  
11 trade of this province would be the requirement  
12 requiring them to file a tariff. Is that the only  
13 aspect which would cause difficulty in your opinion?

14 A. No, I think the mere fact that you  
15 must apply for a license for the trade you propose  
16 to engage in would be a serious difficulty because  
17 in many instances a ship owner would not know what  
18 he is going to do in the summer. The Commissioners  
19 saw one small vessel yesterday called the Crystal  
20 Stream which runs from St. John's to ten ports in  
21 Bonavista Bay and returns and they also saw the  
22 Robert Knickel which can probably make two separate  
23 trips in the spring. They might pick a cargo up in  
24 one of the outports for Halifax and take it over  
25 there and then on their way back drop into one of  
26 the coal ports, such as Sydney, and pick up a load  
27 of coal for some outport. He does not know that  
28 when he starts off in the spring. Unless he gets  
29 a blanket license which in fact --

30 THE CHAIRMAN: Q. Much like a tramp organization?





1 A. Yes.

2 MR. GREEN: Q. You feel this would eliminate  
3 the flexibility of these ships and that that  
4 flexibility is a most desirable feature which you  
5 fear would disappear if the Transport Act extension  
6 was made?

7 A. I would say it is more than desirable;  
8 I would say it is essential that the fleet be  
9 flexible if it is to be retained.

10 Q. The question having been raised,  
11 Mr. Grieve, of the part played in the operation of  
12 the coastal fleet by the existence of certain steve-  
13 doring union requirements, can you assist the  
14 Commission in any way with any explanation of that  
15 from your own knowledge?

16 A. Subject to memory - we have got a little  
17 blue book which is put out by the union on coastwise  
18 vessels - vessels over a certain tonnage, I believe  
19 it is over 100 tons, must employ either seven or nine  
20 men to load and discharge certain types of cargo.  
21 Taking the vessels by name, that small vessel you saw  
22 yesterday, they do not have to employ stevedores.  
23 They may load their own stuff to take it down the  
24 coast and discharge their own inward cargo. A vessel  
25 of the size of the Robert Knickel, if she is carrying  
26 fishery supplies only or carrying food supplies from  
27 St. John's to an outport primarily for fisheries,  
28 they do not need to have a stevedore; if, on the  
29 other hand that vessel were expecting to load coal  
30 here and take it down the coast you probably would



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1 find the union would step in and say that is outside  
2 and put on stevedores. It is a very elastic thing  
3 but, unfortunately, the elasticity is all on one side.

4 Q. Thank you very much, Mr. Grieve.

5 MR. GERIN-LAJOLIE: Q. Mr. Grieve, first of all,  
6 could you describe very shortly for the purposes of  
7 the record what a dory is, as compared to a lifeboat?

8 A. Well, starting with a dory, a dory is  
9 a flat-bottomed boat with one sharp end and a semi-  
10 square stern because the stern is not up and down,  
11 the stern is angled. In size they will go anywhere  
12 from 14 feet to 19 feet. I am afraid I have not the  
13 dimensions of the breadth and depth and various other  
14 things. They are not fitted with buoyancy tanks as  
15 a rule but can be fitted with buoyancy tanks when  
16 you use it for life saving. The dory was originally  
17 used for fishing. A lifeboat is a much heavier boat;  
18 it is a rounded type of boat; it has a keel and a  
19 dory has no keel; it is sharp at both ends and  
20 fitted throughout with buoyancy tanks.

21 Q. To what extent are the dories used?

22 A. Around our coast?

23 Q. Yes.

24 A. Practically all our Class 2 coasting  
25 vessels carry dories.

26 Q. Now, is the construction of a --

27 COMMISSIONER WICKWIRE: Q. A dory can also  
28 be launched much quicker than a lifeboat, can it not?

29 A. Yes, a dory can be thrown overboard;  
30 whereas a lifeboat must be actually lifted and put





1 overboard. Class 2 vessels do not proceed -- their  
2 limit off shore is 60 miles. In actual fact, all our  
3 Class 2 vessels are in sight of land all the time.  
4 They are usually quite close.

5 Q. What would be the objection to using  
6 lifeboats? Is it only because it is cheaper to build  
7 dories, or is it because you already have them?

8 A. One of the big advantages of using  
9 dories is that in many of the ports in which the  
10 vessels have to anchor there are no wharves and it  
11 is much easier to get a dory out, even to take cargo,  
12 easier than it is to hoist out a lifeboat, which in  
13 turn when it is loaded is deep in the water. The  
14 dory takes a lot before it goes deep and with its  
15 flat bottom can go up on the beach.

16 Q. Is it very much of a problem to equip  
17 dories with buoyancy tanks?

18 A. No, it is being done, sir, as a compromise.  
19 Canadian Steamship Inspection have allowed the -- are  
20 allowing the use of dories for certain vessels as life  
21 saving equipment. They like to have one dory fully  
22 fitted with tanks and fully equipped, provided that  
23 one dory is sufficient to take the whole crew off  
24 the ship, which it usually is.

25 MR. GERIN-LAJOIE: Q. Can you say to what  
26 extent the schooners are owned by individuals and to  
27 what extent they are owned, if they are, by companies  
28 or organizations?

29 A. I couldn't give any fixed figure but  
30 I should think that out of the 214 - which is the





1 figure we quote in our brief - there are probably not  
2 more than 30 of these vessels owned by companies.  
3 The majority of these vessels are owned by individuals,  
4 who in most cases are the Masters.

5 Q. Speaking of those 30, as a rough figure  
6 of course, would they be owned by a very small number  
7 of companies, say, one or two or three only?

8 A. I would say they are owned by about  
9 six companies.

10 Q. Now, is it possible that the cost of  
11 operation of boats operated by companies is different,  
12 or may be different, from the cost of operation of  
13 boats operated by individuals?

14 A. Yes. I would say, generally speaking,  
15 the cost of boats operated by companies is higher.  
16 But, I would like to point out that a company owned  
17 vessel is usually of a larger type, they are not  
18 necessarily this schooner type; they are motor vessels  
19 of, in many cases, up to three, four hundred tons,  
20 but they still come in this general coasting picture.

21 Q. The figure of 214 you have mentioned,  
22 is that not only for the schooner type?

23 A. No, the motor vessel, as we term them,  
24 is also included in that figure.

25 Q. Now, a final question: You have  
26 mentioned trading in the Hudson Bay, and particularly  
27 for the Hudson Bay Company purposes a number of years  
28 ago. Have you any personal knowledge, or is there  
29 any information as to the trading which took place  
30 through the Ungava area? Have you any specific









1 information on that point? I understood you to  
2 mention that there was some trading at that time and  
3 that they had to get some special permits on account  
4 of the provisions of the Canada Shipping Act. I would  
5 like to have more precise information on that point?

6 A. I would like to qualify that. Any  
7 vessel which left from a Canadian port to go into  
8 Hudson Bay for the Hudson Bay Company had to conform,  
9 presumably, or get a permit. But, in those days, a  
10 lot of the stuff for the Hudson Bay was bought in  
11 the old country and went straight into the Bay.

12 Q. It is most probable that the ships had  
13 to conform with the Canada Shipping Act. I understood  
14 you to say that these ships had special licenses or  
15 permits and I was wondering if you had specific  
16 information on that or if it was --

17 A. No, I only assumed they must have had  
18 a special permit for certain types of vessels.

19 Q. Can you give off hand the approximate  
20 water distance from St. John's to the west coast of  
21 Hudson Bay via Cape Chidley?

22 A. If I might be permitted to take instruc-  
23 tion?

24 Q. Yes, I think it would be useful for the  
25 purpose of the record to have the approximate figure.

26 A. Approximately 2,000 miles.

27 Q. Thank you, Mr. Grieve.

28 MR. HUNT: Q. Mr. Grieve, you mentioned you  
29 were a director of Bowring Brothers Limited?

30 A. Yes.

that there was something at that point and

permitted an account

any more questions in that point?

I would like to know that. Any

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company, or not a permit. But, on these days, a

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Can you give off name?

after distance from St. John's to the west of

Hudson Bay via Cape Chidley

A. If I might be permitted to take that

Yes, I think it would be useful for the

of the record to have the approximate figure.

approximately 1,000 miles.

of the record, Brothers limited?



1 Q. That company has a large retail and  
2 wholesale division?

3 A. Yes.

4 Q. And is quite interested in the commercial  
5 life of St. John's, Newfoundland. From your knowledge  
6 of business here, Mr. Grieve, could you give the  
7 Commissioners any opinion as to why it costs more to  
8 handle cargo at our waterfront than it does on the  
9 mainland waterfronts, if that is the truth? We have  
10 evidence that that is so.

11 A. Well, there is no doubt that that is  
12 correct. The only reason I can submit is that we  
13 just do not seem to be able to make any progress in  
14 negotiating with the present union to get them to  
15 lift any of their restrictions. It is not so much  
16 what we pay them per hour - that has a bearing, of  
17 course - it is the fact we labour under these  
18 restrictions which were put in originally about 50  
19 years ago.

20 Q. And which are designed, I take it, to  
21 broaden the employment to a large number of workers  
22 in the Union?

23 A. I believe a previous witness yesterday  
24 used the term "feather bedding", and that is exactly  
25 what it is.

26 Q. Could you give any opinion as to why  
27 the union has been able to negotiate these contracts,  
28 Mr. Grieve?

29 A. My opinion is that this province is  
30 so dependent upon water transportation, both from





1 the mainland and around its coastline, that when  
2 you negotiate with a union the union is in an  
3 extremely strong bargaining position. A strike has  
4 never been too happy a position to be in here. In  
5 two weeks, if we had a strike, we would begin to  
6 suffer.

7 Q. Do you consider the absence of  
8 competition from trucks and the necessity for a  
9 higher rail rate has any bearing on the matter?

10 A. Bearing on the matter?

11 Q. On their ability to negotiate these  
12 seemingly good contracts from their viewpoint?

13 A. Insofar as the coastal fleet is  
14 concerned?

15 Q. No, talking of freight from the  
16 mainland.

17 A. I think it is largely due to the fact  
18 we have not a bridge across from Port aux Basques  
19 to Sydney.

20 MR. HICKMAN: Q. Mr. Grieve, are you aware of  
21 a passenger service operating between the port of  
22 Fortune and St. Pierre-Miquelon?

23 A. I am aware that such a service operates.  
24 I am not too familiar with it.

25 Q. I believe the boat that operates  
26 between Fortune and St. Pierre is the motor vessel  
27 Spencer, II?

28 A. That is correct.

29 Q. That boat, of course, is subject to  
30 Canadian Steamship Inspection rules?







1 A. Yes.

2 Q. Do you know how many passengers the  
3 Spencer, II is allowed to carry?

4 A. I am just talking from memory, I think  
5 it is 40 they have a license for, it could be 35, but  
6 I think it is 40.

7 THE CHAIRMAN: You are now dealing with a  
8 non-coastal trade, a trade between a port in  
9 Newfoundland and St. Pierre.

10 MR. HICKMAN: No, Mr. Chairman.

11 THE CHAIRMAN: That is what you asked about,  
12 and that is not coastal trade.

13 MR. HICKMAN: My instructions were to bring to  
14 the attention of the Commission, if you wish, the  
15 unfair competitive position that coasting vessels are  
16 being placed in in Newfoundland by the Canadian  
17 Steamship regulations, as compared with vessels  
18 operating to St. Pierre. If you feel, Mr. Chairman,  
19 it is outside the terms of reference --

20 THE CHAIRMAN: If it is between a port in this  
21 province and St. Pierre it is not coasting trade.

22 MR. HICKMAN: Very well then, Mr. Chairman, I  
23 will not pursue it.

24 MR. GERIN-LAJOIE: Mr. Chairman, may I ask the  
25 witness if he can make available to the Commission,  
26 or tell us, how we could get a copy of the Blue Book  
27 of the union of stevedores.

28 THE WITNESS: We can easily get one of those.

29 MR. GERIN-LAJOIE: We have not had this group,  
30 of course, before the Commission up to now and I was





wondering if this document could be supplied.

THE WITNESS: Yes, we could get one.

COMMISSIONER WICKWIRE: Q. Mr. Grieve, your schooners can now go through Forbes Sound into Ungava Bay?

A. That is correct.

Q. Is there any trading at all in Ungava Bay?

A. There is a lot of trading into Fort Chimo and now that Leaf Lake -- That is down here in the bottom (indicating). That is supposed to be being opened up in another two or three years by the Cyrus Eaton Company. There are boats going in there now with survey parties, but they are boats that cannot go through Forbes Strait, which is a very narrow and dangerous place.

Q. Could a boat of the type of the Robert Knickel go through there?

A. I consider they cannot go through in safety; I wouldn't say they cannot get through, but not in safety.

Q. Can the boats that do get through in safety also get into Hudson Bay without violating the Class 2 boats under the present regulations?

A. Well, Class 2 boats that get in now under permit, they are small, they are allowed to go north of Cape Chidley and go through the Gray Strait or Hudson Strait, or you can get a permit to go up here (indicating) to Frobisher Bay.

Q. How is that trade now being carried

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on at the present time?

A. It is being carried on with a combination of larger vessels, and by larger vessels, I mean deep sea boats, plus these smaller type motor vessels, and some of the small schooners.

Q. All Newfoundland vessels?

A. No, I wouldn't go so far as to say that; I think there are some Nova Scotian boats operating.

THE CHAIRMAN: Q. We had a witness, Mr. Chesley Crosbie, who is in that trade.

A. Chimo Shipping.

COMMISSIONER WICKWIRE: A previous witness mentioned your present coastal schooners, the owners of them, can hardly make a living, it is marginal, that the number is dwindling every year. Do you agree with that?

A. I do, yes.

Q. And that replacements will not be forthcoming unless the schooner operators can earn more?

A. That is true.

Q. And the customers cannot afford to pay higher rates?

A. Well, certainly not an increase in rate which would uplift the whole economy to the point where people can build new boats.

Q. What is going to happen to the outports?

A. That is another problem that is giving our Committee a great deal of thought. We are preparing a submission to the provincial government on that. It seems things will be grim here in a







1 few years. You can pinch in certain places because  
2 of lack of suitable tonnage. I don't know what the  
3 answer is.

4 Q. You are Chairman of the Ship Builders  
5 Committee?

6 A. Yes. That Committee is a group which  
7 consists of representatives from the ship owning  
8 community; it has steamship, inspection represen-  
9 tatives, custom. In fact, about every facet of the  
10 mercantile life you can think of.

11 Q. Are any of these coasters being built  
12 today?

13 A. No.

14 Q. None at all?

15 A. Not that I am aware of.

16 Q. Are there any yards in existence which  
17 can build them?

18 A. Yes, there are. I am giving purely my  
19 own opinion here: It is purely a matter of dollars  
20 and cents with the average coaster owner who has a  
21 vessel today. If he loses it today, with today's  
22 costs of replacement, he just cannot see how he can  
23 afford to replace it. Vessels are not as readily  
24 available from Lunenburg as they used to be.

25 Q. It is mentioned in your brief that  
26 Newfoundland owners are going to St. Pierre-Miquelon  
27 for repairs?

28 A. That is correct.

29 Q. What sort of yards or docking facilities  
30 do they have there?





1  
2 A. Well, St. Pierre has -- it is a  
3 relatively small marine slipway to haul out, and  
4 they keep limited supplies there. They do quite  
5 good work.

6 Q. Is it not possible for that to be done  
7 by private industry in Newfoundland?

8 A. Well, it is the opinion of a number of  
9 firms who have looked into the possibility of  
10 establishing a haul-out or slipway, or any number of  
11 them -- There again, with the high initial capital  
12 expenditure, unless you are going to charge  
13 exorbitant rates on small vessels the thing is just  
14 not a paying proposition.

15 Q. One of your witnesses - I should not  
16 say one of your witnesses - but one witness suggested  
17 a figure of \$100,000 for a small marine slip. Do  
18 you concur in that figure, a figure of such  
19 magnitude?

20 A. I would prefer to leave this question  
21 of dockyard and repair facilities to our next  
22 witness who has studied it quite a bit.

23 Q. All right, thank you.

24 THE CHAIRMAN: Thank you, sir.

25 --- The witness withdraws.

26 MR. GREEN: Mr. R. A. Harvey.

27 -----  
28  
29  
30



RICHARD A. HARVEY, Called:

1  
2 MR. GREEN: Q. Mr. Harvey, you are a member of  
3 the Committee on Newfoundland Coastal Shipping, are  
4 you not?

5 A. Yes.

6 Q. And you are a director of Vessel  
7 Construction and Inspection of the Department of  
8 Fisheries of the Province of Newfoundland?

9 A. Correct.

10 Q. You have some professional qualifications,  
11 Mr. Harvey. Would you outline those qualifications to  
12 the Commissioner?

13 A. I am a chartered engineer and naval  
14 architect.

15 Q. Chartered engineer and naval architect.  
16 You have a considerable number of years' experience,  
17 I believe, Mr. Harvey in connection with the coastal  
18 trade of this country, especially in relation to ship  
19 repair matters?

20 A. That is so.

21 Q. Mr. Harvey, the question has been raised  
22 and perhaps you could give the Commissioners some light  
23 on it, as to the effect of the decline in the number of  
24 vessels engaged in the coasting trade of Newfoundland.  
25 Have you any figures available for a given period of  
26 years as to the actual number of vessels which have,  
27 for one reason or another, been removed from the  
28 coastal trade - either lost, or sold out of the  
29 province, or broken up - and the comparative number  
30 of vessels replaced? Have you any figures for that,







1 sir?

2 A. Well, for a period from 1950 to 1954  
3 there were 69 vessels either lost, taken off register,  
4 or condemned.

5 Q. What would the gross tonnage of those  
6 69 vessels be?

7 A. 18,193. And there were only, in that  
8 period, 20 vessels replaced, with a tonnage of 4,950.

9 Q. Are you able to say --

10 THE CHAIRMAN: What was that figure, the last?

11 MR. GREEN: 4,950 gross tons.

12 Q. These 20 vessels, Mr. Harvey, can you  
13 say from what sources they came?

14 A. Yes, I think I can. I don't seem to  
15 have any notes on that. Yes, I have it here. There  
16 were three bought from foreign interests, there was  
17 two bought from the United Kingdom and Empire interests,  
18 six were transferred from Canadian ports, mainland  
19 ports, and there were nine built in Newfoundland.

20 Q. Now, of those nine vessels built in this  
21 province during the period 1950 to 1954 can you give  
22 the gross tonnage of those nine vessels?

23 A. Yes, they had a gross tonnage of 267.

24 Q. I think it should be emphasized at  
25 this point that this does not represent all the ship  
26 building in the province; there were, during that  
27 period, a considerable number of vessels built for  
28 the fishing industry?

29 A. Yes.

30 Q. Those are nine vessels built exclusively

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A. Yes, ... ..  
Q. There ... ..



1 for the coasting trade?

2 A. Yes.

3 Q. In the brief there is set out a list of  
4 vessels taken off the register and put on, showing  
5 their individual tonnages and so on. That is self-  
6 explanatory and I do not propose to ask any questions  
7 regarding it, Mr. Harvey. Do you have any information  
8 available as to the present day cost of ship building  
9 of the type of wooden schooner commonly employed in  
10 this province?

11 A. It can range anywhere from \$800 to  
12 \$1,000 a ton, depending on the size of the vessel.  
13 A larger vessel would cost more.

14 Q. Anywhere from \$800 to \$1,000 a ton?

15 A. That is approximate.

16 Q. Do you consider that is a high cost in  
17 relation to the general overall economy of the coasting  
18 trade?

19 A. Yes, quite high.

20 Q. Is the high cost of replacement the  
21 reason so few boats are being replaced?

22 A. I would think so, yes.

23 Q. Could you give the Commission any  
24 information, Mr. Harvey, about whether any operating  
25 subsidy is paid by the Province of Newfoundland, or  
26 any other agency, to vessels engaged in the coasting  
27 trade of this province?

28 A. No, there is none I know of.

29 Q. Is a ship building bounty available?

30 A. The provincial government provides a





1 bounty for the building of vessels.

2 Q. Can you give us some information on  
3 that bounty, Mr. Harvey?

4 A. It is based on two schedules. There is  
5 an inter-coastal schedule for vessels operating inside  
6 the bays, and they range from 12 to 30 tons. They  
7 receive a bounty of \$30 plus 10 if it is a new engine,  
8 a diesel engine put in. Then, the other schedule --

9 Q. I think it is actually, the inter-  
10 coastal, is \$20?

11 A. \$20 plus \$10.

12 Q. You said \$30.

13 A. I added the two together.

14 Q. There is a second schedule of bounties,  
15 is there?

16 A. That is for facilities from 20 tons to  
17 150. They are generally traders off the coast. They  
18 get \$30, plus \$10, plus \$15 for an engine.

19 Q. \$30 per ton bounty?

20 A. Yes.

21 Q. Plus a further \$10 if an engine is fitted?

22 A. Yes, plus \$15 if a new diesel engine  
23 is put in.

24 Q. How is that \$15 paid?

25 A. Per horsepower, brake horsepower.

26 Q. One range is 12 to 30 tons - that is,  
27 small operations inside sheltered bays?

28 A. Yes.

29 Q. They are built to certain specifications  
30 of course?







1 A. Yes.

2 Q. The second range is for vessels of 20  
3 to 150 tons designed to operate in outside waters?

4 A. Yes, at sea.

5 Q. And this is the only bounty or subsidy  
6 of any sort that is available to the coastal vessels  
7 of this province?

8 A. Yes.

9 COMMISSIONER WICKWIRE: Would you ask the  
10 witness how long that has been in effect?

11 THE WITNESS: Well, as far as I know, it goes  
12 back to at least 1938. It went back before that, in  
13 the old Responsible Government days but the bounties  
14 at that time were much lower.

15 MR. GREEN: Q. Do I take it from your answer  
16 the bounty has not been increased?

17 A. It has not been increased since 1938.

18 Q. There is a long history of bounties  
19 being paid in this province?

20 A. It goes back beyond 1900.

21 COMMISSIONER WICKWIRE: Q. Can you tell us how  
22 much costs have increased since 1938?

23 A. Well, in 1938 a vessel was built for  
24 about \$200 per gross ton, approximately. In some  
25 cases where the operator himself fitted his own  
26 vessel, he could build it much cheaper than that.

27 MR. GREEN: Q. With regard to many of these  
28 vessels were they built in what we might call a regular  
29 full time shipyard or built in some other way?

30 A. No, they were usually built by the





operator-owner near his home, on the beach, in many cases, but we did have four or five registered ships.

Q. The majority of vessels were probably built by the owner himself?

A. Yes, quite a few, quite a large number.

Q. I take it from the fact that there are only nine vessels built in the period 1950 to 1954 to engage in the coastal trade not many vessels are being built now by the owners?

A. They are not any vessels over 90 tons in the last few years. Any coastal size building has been around 30 or 40 tons, and there are only one or two per year.

Q. You attribute this lack of ship building to the high cost involved?

A. High cost mostly, yes.

Q. Mr. Harvey, you --

COMMISSIONER WICKWIRE: Did Mr. Harvey say, "labour costs"?

MR. GREEN: No, the high cost involved.

A. Yes.

Q. Could you give us some information as to the cost basis? Is it cost of labour or cost of materials, why would you say the cost has increased so greatly?

A. Well, materials have gone up quite a bit, you know, since 1938.

THE CHAIRMAN: I cannot hear you.

MR. GREEN: Q. Mr. Harvey, would you mind raising your voice a little bit.





1 A. Materials have increased considerably  
2 since 1938.

3 Q. Where would these materials come from?

4 A. Materials for vessels over 90 tons, we  
5 would have to get it outside of the province.

6 Q. Why is that?

7 A. We, in this country, do not grow any  
8 big timber and it is getting more difficult every year  
9 to get the big timber.

10 Q. It is necessary to import that timber?

11 A. Yes.

12 Q. Where do you import it from?

13 A. You can get it anywhere, Canada, Nova  
14 Scotia, British Columbia.

15 Q. The need now of importing heavy timber,  
16 contributes materially to the increased costs?

17 A. The costs have gone up considerably.  
18 Before, you see, an individual went and cut his own  
19 timber and he never charged his labour for cutting his  
20 timber; therefore, the cost of building these boats was  
21 much cheaper than you can do it today.

22 COMMISSIONER WICKWIRE: Q. You are speaking of  
23 vessels of over 90 tons. Does he go to British  
24 Columbia to cut his timber?

25 A. No, in Newfoundland.

26 Q. They did build vessels of over 90 tons  
27 with Newfoundland timber?

28 A. Yes.

29 MR. GREEN: Q. I think you implied, Mr. Harvey,  
30 that it is difficult to build vessels over 90 tons as







1 of today?

2 A. That is right.

3 Q. It is still possible to obtain timber  
4 for smaller ships than 90 tons?

5 A. That is right.

6 COMMISSIONER BELANGER: You do not understand --

7 COMMISSIONER WICKWIRE: My understanding from  
8 Mr. Harvey is that for vessels over 90 tons you have  
9 to go outside Newfoundland to get the material because  
10 Newfoundland does not grow heavy enough timber?

11 A. No, I didn't say that.

12 MR. GREEN: He implied it was always necessary  
13 to go outside Newfoundland to buy timber for vessels  
14 over 90 tons.

15 Q. Or, is that the situation now?

16 A. That is the situation now.

17 Q. Did it always exist?

18 A. No.

19 COMMISSIONER WICKWIRE: Q. You did have heavy  
20 timber but it has been expended, or gone?

21 A. Yes.

22 MR. GREEN: Q. Mr. Harvey, forming part of the  
23 original brief is Appendix A, which is "Statistical  
24 Analysis and Breakdown by Tonnage Groups of Cargoes  
25 Carried by Newfoundland Coastal Vessels". Would you  
26 care to explain briefly to the Commission -- First  
27 of all, this statistical analysis was prepared by  
28 yourself ?

29 A. Yes.

30 Q. Would you care to explain how the





1 analysis was, in fact, prepared?

2 A. Well, circulars were sent out to the  
3 operators of coastal vessels.

4 Q. That is the circular Mr. Young has  
5 described?

6 A. That is correct. When this thing was  
7 made up we had received about 58 percent replies and  
8 from that we made out the kind of tonnage of cargoes  
9 carried by these vessels. Not getting the remainder  
10 of the replies in, the other is based on the gross  
11 tonnage of the vessel and assuming the routes these  
12 vessels operated, taking an average of trips per year,  
13 per season.

14 Q. Would that give you a conservative  
15 estimate? Basing your estimates on unreported vessels  
16 on gross tonnage only, would that give you a conser-  
17 vative average?

18 A. I think it would give a fair estimate  
19 because these figures do not include deck cargoes.

20 Q. Is it fair to summarize the statistical  
21 analysis by saying that Newfoundland coastal vessels,  
22 in the year 1954, carried 338,887 tons of cargo?

23 A. Yes.

24 Q. Mr. Harvey, would you look at the first  
25 page of that statistical analysis. I think that  
26 shows what percentage of cargo was carried in various  
27 tonnage groups. Would you outline that briefly?

28 A. Well, from 10 tons up to 90 tons they  
29 carried 36 percent of the total amount.

30 Q. Vessels of 10 to 90 tons carried,





1 between them, 36 percent of the total amount?

2 A. Yes. And of those vessels in this  
3 group range, 10 to 30 and 30 to 40, the approximate  
4 amount they carried is around 5 to 6 percent. That  
5 makes a total of 36 percent for the 10 to 90 tons.

6 Q. What about the vessels from 90 to 120  
7 tons?

8 A. 12 percent.

9 Q. And vessels over 120 tons?

10 A. 52 percent.

11 Q. Mr. Harvey, your official position  
12 requires that you have considerable knowledge with  
13 regard to docking facilities in this province. Is  
14 that so?

15 A. That is quite correct, yes.

16 Q. Certain questions have been asked during  
17 the hearing with regard to the availability or other-  
18 wise of docking facilities in this province.

19 Because it is set out in the brief, Mr. Chairman  
20 I do not propose to ask this witness to outline all  
21 the facilities which exist, that was covered yesterday.

22 Q. Possibly, Mr. Harvey, you would like to  
23 inform the Members of the Commission as to why there  
24 is a lack of docking facilities in Newfoundland at the  
25 present time, how that situation came about and give  
26 any further information along those lines which you  
27 think would be of assistance to them in their  
28 deliberations?

29 A. I think one thing I can say is that  
30 prior to Confederation we did not have any -- the







1 same inspection service on our coastal and fishing  
2 vessels and we didn't require them to be docked every  
3 year. We more or less relied on the operators them-  
4 selves, to look after their own vessels. In many  
5 cases they patched them and repaired them as required.  
6 When we went into Confederation we came under the  
7 Canada Shipping Act and their requirements require  
8 the docking of certain vessels every year, and every  
9 vessel every four years. When that requirement came  
10 into effect we did not have the facilities to carry  
11 out these dockings. We did have docks prior to that,  
12 but unfortunately, the work they were carrying out  
13 did not allow them sufficient profit to be able to  
14 build up a reserve to keep these docks in repair.  
15 They just carried on from year to year, struggling  
16 and trying to do a job until such time as the docks  
17 became old and required major repairs. That is the  
18 position we are in today, that we have these docks  
19 today and because we could not repair them they are  
20 out of repair.

21 COMMISSIONER WICKWIRE: Q. I did not hear your  
22 last sentence, Mr. Harvey.

23 A. I say we still have our docks but they  
24 are of no use to us because they need repair.

25 Q. Why does not somebody repair them?

26 A. Well, as I said before, with the margin  
27 of profit over the years in docking the vessels and  
28 the high cost of replacement today, we didn't have  
29 the money to do it.

30 MR. GREEN: Q. Mr. Harvey, have you any idea

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1 what the capital expenditure would be which would be  
2 involved in replacing either the existing facilities  
3 at Burin or at Harbour Grace? Would you care to say,  
4 off hand?

5 A. I would think if you want to replace the  
6 installation at Harbour Grace - that is, put a new  
7 slipway there --

8 COMMISSIONER WICKWIRE: Q. A new what?

9 A. Slipway or marine railway, it would cost  
10 at least a hundred thousand dollars, and then you have  
11 to take in additional costs for repair shops and things  
12 like that.

13 MR. GREEN: Q. Mr. Harvey, those facilities, as  
14 they existed some time ago did they merely consist of  
15 the slipways or were there machine shops attached?

16 A. When they were first put there they were  
17 put there for the repair of sailing vessels and they  
18 didn't require machine shops. Since that time sail  
19 has gone out and diesel engines have come in and  
20 machine shops are now needed to keep these vessels  
21 repaired.

22 Q. Would you say a large proportion of the  
23 capital cost required for new facilities would be  
24 necessitated by the cost of providing adequate  
25 machine shop; facilities?

26 A. Yes, I would think about 50 percent of  
27 the cost.

28 Q. And that was a factor you say/<sup>which</sup>was of  
29 no importance when the docks were originally built?

30 A. That is correct.





1 Q. Mr. Harvey, is the existence or otherwise  
2 of marine slipways of importance only to vessels  
3 engaged in the coastal trade?

4 A. No, it's of importance to our fishing  
5 fleet.

6 Q. Would you care to elaborate on that?

7 A. Well, we have quite a large sized  
8 mechanized fishing fleet today and we have not the  
9 facilities to drydock them and if the vessels go away  
10 from Newfoundland to the mainland to do it they lose  
11 a lot of time.

12 Q. You spoke of the need of going to other  
13 provinces for repairs. Do you have any knowledge of  
14 the delays which might be involved?

15 A. Oh, yes, they could be a week, two weeks,  
16 a month; it all depends on whether the ports to which  
17 they go, the drydocks, are prepared to take them.

18 Q. There may be a period of waiting at one  
19 of these ports until the facilities are available?

20 A. That is right.

21 Q. Mr. Harvey, in its brief, your Committee  
22 makes reference to a type of marine installation which  
23 its investigations have led it to believe would be  
24 suitable for a great many vessels in certain ports  
25 of this province. Would you care to describe to the  
26 Commissioners the type of installation you had in  
27 mind?

28 A. Well, the installation submitted in  
29 the brief is one which we thought could service our  
30 smalling fisher dragger - that is, our inshore dragger.









1 The biggest is about 60 tons, 60 feet. They could  
2 easily be hauled up on the beach by getting a caster  
3 or two trolleys under the ship and running it up on  
4 a concrete slip or a stone runway. They could be  
5 pulled up by a winch. If you had more than one ship  
6 to bring up you could bring up one and put her aside  
7 and bring up another and put her aside and you could  
8 accommodate quite a number of ships that way.

9 Q. Would that type of installation be  
10 suitable for servicing small coasting vessels?

11 A. Yes, I think small coastal vessels up  
12 to 60 or 70 tons could be serviced in the same way.

13 Q. Would that be any cheaper than the  
14 conventional marine slip?

15 A. No. I am not familiar with the cost of  
16 those but I would think --

17 Q. I realize it would depend on such factors  
18 as the condition of the harbour and the amount of  
19 dredging that you had to do.

20 A. Yes. Provided the harbour was suitable  
21 I would think it would cost only maybe 20 percent of  
22 the cost of a marine railway installation. That is  
23 only just an approximate figure, it is not an actual  
24 figure.

25 Q. Has your Committee in mind any parti-  
26 cular area where such a dock would be of value or  
27 use to the boats in the area?

28 A. There are quite a lot of ships operating  
29 in Notre Dame Bay area and they are more or less  
30 linked up with a lot of these small islands here





1 (indicating). Their chief depot is Twillingate. They  
2 all come under C.S.I. regulations because they are  
3 carrying passengers. The C.N.R. mail boats drop them  
4 off at certain points and they have to take these  
5 small boats to the islands. I would think there are  
6 at least 100 boats around there and I think such a  
7 service would be of assistance to them.

8 Q. You are referring to that area on the  
9 north-east coast around Notre Dame Bay, and in that  
10 area?

11 A. Yes.

12 Q. Can you think of a town in that area  
13 which would be suitable?

14 A. I would think Lewisporte.

15 Q. What recommendation does your Committee  
16 wish to place on record?

17 A. We would like to point out the urgent  
18 need for docking facilities.

19 Q. Do you think a survey should be made of  
20 the needs in the province?

21 A. Yes, I think that should be the first  
22 step, to make a survey and see exactly what our  
23 requirements are.

24 Q. Mr. Harvey, the question was asked,  
25 I think by Mr. Wickwire, as to the percentage of  
26 vessels engaged in the coasting trade of Newfound-  
27 land which were actually built in Newfoundland.  
28 Would you have any particular information on that  
29 point?

30 A. I haven't an accurate figure - I could

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Let me see if I can find out

what the Commission means by the

word "investigation"

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1 get an accurate figure - but I would say, just off  
2 hand, about 65 or 70 percent of the vessels have been  
3 built in Newfoundland. It is only the banking type  
4 of vessels, over 100 feet, 150 or 175 tons, and they  
5 have mostly come from Lunenburg - that is, a Blue Nose  
6 type of vessel - but vessels less than that have been  
7 built in Newfoundland for the last 20 or 25 years.

8 Q. The average proportion of the vessels  
9 built in Newfoundland would be 60 to 70 percent?

10 A. Yes.

11 Q. Thank you, Mr. Harvey.

12 MR. GERIN-LAJOIE: Q. Mr. Harvey, have you  
13 any data from which we could estimate the average  
14 earnings of schooners per month, or any other basis?

15 A. No, I haven't. I think we have another  
16 witness who may be able to give you that information.  
17 I am not familiar with that.

18 Q. Now, Mr. Harvey, I have only questions  
19 on one point. You have mentioned I believe, as other  
20 witnesses have, that it would hardly be possible to  
21 raise the freight charges of schooners, is that right?

22 A. Well, now, that is another question  
23 which is out of my sphere too; I don't know anything  
24 about the operating of these coasters.

25 COMMISSIONER WICKWIRE: Q. Apparently it is  
26 a most uneconomic operation, it is not an efficient  
27 operation apparently from the point of view of the  
28 operators.

29 A. If the freight rate was increased it  
30 would affect the economy of the people living around







1 the coastline of the Island. I would think their  
2 cost of living would go up.

3 THE CHAIRMAN: Q. As it stands now, from what  
4 you and other witnesses say, they are not able to pay  
5 enough to keep the coasters in operation. The living  
6 of the operator of these coasters is so marginal that  
7 the owner can set aside nothing for heavy repairs or  
8 replacement, he cannot afford to buy dockage space suf-  
9 ficient to erect facilities, and the net result is the  
10 coasting trade is going out of existence, possibly  
11 gradually, because it takes a long time to wear a ship  
12 out, but the result for the outport inhabitants is  
13 going to be worse than in the beginning?

14 A. Yes.

15 Q. So perhaps they are going to have to  
16 find some way of paying a larger amount for trans-  
17 portation costs in order to continue to exist?

18 A. Yes.

19 Q. Because they must have the freight.

20 MR. GERIN-LAJOIE: Q. Mr. Harvey, you say you  
21 do not have any information on this particular point,  
22 is that right, what will happen in the future or  
23 what will happen to the outports?

24 A. Well, there are many factors come into  
25 this thing. I mean, if you go into the economy of  
26 the thing to find out whether these coasters should  
27 charge a higher tariff or not. You have to consider  
28 the types of vessels now doing the coastal trade for  
29 Newfoundland, whether they are economic and whether  
30 they are suitable. These vessels, prior to going

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into the coastal trade, were fishing vessels. We could not afford to have a coastal fleet and a fishing fleet, and the fishing fleet have to do the coastal work. All of these factors would have to be considered before I could say whether we should increase the tariff of the coastal ship.

Q. Do you know any other member of the Committee who could give a somewhat considered opinion on the subject, or will your counsel have to answer that question?

MR. GREEN: Well, if we might call one further witness who is an operator. He may be able to help you.

MR. GERIN-LAJOIE: Thank you, Mr. Harvey. That is all the questions I have.

COMMISSIONER WICKWIRE: Q. No doubt, Mr. Harvey, you have a copy of your original brief?

A. Yes.

Q. Would you turn to Appendix C, which is a photograph showing the arrangement of a marine slipway for servicing vessels up to 70 tons of a type suggested as suitable for Lewisporte.

A. Yes, sir.

Q. Why would that not be suitable for vessels of larger tonnage?

A. Well, a lot would depend on what foundation, what beach foundation you had to be able to lift a vessel of a bigger weight.

Q. Mr. Harvey, that is not a 100,000 dollar docking facility.





1 A. Not for a small boat like that, but for  
2 vessels over 60 tons, it would mean a marine railway.

3 Q. What is that depicted in the picture,  
4 is not that a marine railway?

5 A. No, it is not a marine railway.

6 Q. What is it?

7 A. This is just a boat cradle.

8 Q. A boat cradle?

9 A. Yes.

10 Q. Is not that sufficient to enable repairs  
11 to be made to these coasters?

12 A. No.

13 Q. Why?

14 A. As I said before, it depends on where  
15 you are putting them and what sort of foundation you  
16 have. Your foundation would have to take a certain  
17 load and most of our beaches, like that, would be  
18 sufficient, in my mind, to take up to 60 or 70 tons,  
19 but they would not be sufficient to take vessels over  
20 that. You would have to have a marine railway.

21 Q. No beaches could be found?

22 A. I wouldn't say no beaches could be found;  
23 no convenient beaches, I don't think, could be found.

24 Q. It would be more convenient to look for  
25 one than to send them to St. Pierre?

26 A. Yes, it would be much cheaper, certainly.

27 MR. GREEN: Might I ask a question on that  
28 point.

29 Q. Mr. Harvey, isn't it so, this type of  
30 installation which is a relatively simple one, being

...the railway.

Yes.

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1 a concrete bed running out into the water with tracks  
2 imbedded in it and a small cradle on which a boat can  
3 be raised and then hauled ashore, would only be  
4 suitable for vessels up to a certain tonnage, 60 or 70  
5 tons?

6 A. Yes.

7 Q. Getting into the higher tonnages of  
8 vessels, you need a marine railway or slipway --  
9 How would you describe it?

10 A. Yes, a railway that runs in and out of  
11 the water. It runs in and out of the water. The  
12 vessel goes on and it is pulled up on to the beach.

13 Q. This small type of cradle pull out could  
14 not, in fact, be adapted or designed to take tonnages  
15 much greater than 60 or 70 tons?

16 A. I have never seen them used for vessels  
17 over that range of tons. I don't think they are  
18 practicable.

19 Q. The type of installation depicted in  
20 this picture, what is the cost of that?

21 A. It depends entirely on how much digging  
22 or excavating you have to do. I think it would be  
23 put there quite cheaply, up to four or five thousand  
24 dollars. It depends on the excavating costs, they  
25 would more or less govern the figure.

26 Q. The cost of a full scale marine railway  
27 suitable for larger tonnages would be in excess of  
28 \$100,000?

29 A. I would say anything we would need would  
30 cost \$100,000.





1 Q. You said this type of installation should  
2 be at Lewisporte. You do not contend that it should  
3 be confined to Lewisporte at all?

4 A. No. You could use it in any port for  
5 small vessels up to that tonnage.

6 Q. And not confine it to just the north-east  
7 coast?

8 A. Any coastline.

9 Q. Thank you, Mr. Harvey.

10 COMMISSIONER WICKWIRE: Q. The surprising thing  
11 to me is that there are not several of them around.

12 A. Well, as I said before, sir, prior to  
13 Confederation they were just beached and painted on  
14 one side and then turned over on their other side and  
15 the other side done. That is the way things went.  
16 Today, under these regulations, the keels have to be  
17 examined and you have to have proper facilities for  
18 doing it. We were just caught napping, you might put  
19 it down to that, we weren't prepared for it.

20 MR. HICKMAN: Q. With reference to the C.N.R.  
21 marine services, would you tell the Commissioners the  
22 name of the boat - that is, the passenger and cargo  
23 carrying boat - that is now operating in Placentia  
24 Bay?

25 A. Well, the motor vessel Burin operates  
26 there, around Placentia Bay.

27 Q. Motor Vessel Burin?

28 A. Yes.

29 Q. Is it not a fact originally the Bar  
30 Haven operated on that run?

1. The first part of the document is a list of names and addresses, which are arranged in a columnar fashion. The names are written in a cursive script, and the addresses are written in a more formal, printed style. The list is organized into three main sections, each separated by a horizontal line. The first section contains names and addresses, the second section contains names and addresses, and the third section contains names and addresses. The list is organized into three main sections, each separated by a horizontal line. The first section contains names and addresses, the second section contains names and addresses, and the third section contains names and addresses.



1 A. I am not sure of the name of the ship.  
2 I believe a bigger ship did operate there.

3 Q. Thank you.

4 --- The witness withdraws.  
5 -----

6 MR. GREEN: We have one further witness to call,  
7 Mr. Chairman. Would you, Mr. Chairman, care to carry  
8 on and hear him now or adjourn for luncheon?

9 THE CHAIRMAN: Carry on.

10 MR. GREEN: Captain Archibald Hayes.

11  
12 ARCHIBALD HAYES, Called:

13 MR. GREEN: Captain Hayes, you are a Member of  
14 the Committee on Newfoundland Coastal Shipping, are  
15 you not?

16 A. Yes.

17 Q. You are president of the Newfoundland  
18 Coasting Association?

19 A. Yes, I am.

20 Q. Captain, I understand you are a mariner  
21 of some considerable experience. Would you outline to  
22 the Commission what experience you have had as a  
23 seaman?

24 A. Well, that is more or less in the past,  
25 but I have been 39 years Master. During that time  
26 I have been in civilization and out of civilization.

27 Q. I take it, Captain, you are familiar  
28 with all the coasts of Newfoundland?

29 A. Well, more or less; I wouldn't say  
30







1 all, quite a lot of it.

2 Q. Captain, are you one of these people to  
3 whom we have heard reference in the evidence who is  
4 Master and owner of his own vessel?

5 A. Yes.

6 Q. One time a master and owner of your own  
7 vessel?

8 A. Yes, that is right.

9 Q. I think, Captain, it would be helpful  
10 to the Commission if you could give us some information  
11 on points which have been raised with regard to the  
12 operation, and so on, of the coasting fleet. May I  
13 ask you, first of all, Captain, what is the average  
14 crew, in number, of a Newfoundland Coastal vessel?

15 A. Well, over 100 tons, generally six men.  
16 100 to 150 the average would be about six men.

17 Q. Captain, the brief submitted to this  
18 Commission by the Canadian Congress of Labour, in  
19 referring to crews on Newfoundland vessels, refers to  
20 certain vessels which were under charter to the C.N.R.,  
21 and also to a number of vessels which they claim to  
22 have surveyed. They say that of the 29 vessels which  
23 they considered in 1952 only one had a crew of over  
24 30 and only 11 had crews of 10 to 15. Would you  
25 consider, in the light of your knowledge, that to be  
26 an accurate statement. Do you think -- Do you know  
27 of any vessel engaged in the coastal trade of  
28 Newfoundland with a crew of 30? I except, of course,  
29 the C.N.R. vessels?

30 A. That is a government operated vessel.

captain, are you one of these people who

are afraid of the word "average" who is

afraid of the word "average" who is

average of the whole

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A. Well, over 100 tons, usually ten men.

100 to 150 the average would be about 110 men.

Q. Captain, the trial submitted to this

Commission by the Canadian Government of vessels, in

referring to crews on Newfoundland vessels, relating to

certain vessels which were under charter to the C.N.R.,

and also to a number of vessels which they claim to

be the same, that are not the same, that are not the same,

and that only one had a crew of over

100 and all had crews of 10 to 15, would you

not say that the trial was a trial of the whole

and not a trial of the whole

and not a trial of the whole

and not a trial of the whole

and not a trial of the whole

A. That is a Government sponsored vessel.



Also, the Clarke Steamship Company, which I understand is getting a million and a quarter dollars a year from serving the north coast of the Straits of Belle Isle. These vessels --

Q. Captain, if I may direct you again to the question: Have you any knowledge?

A. None whatever.

Q. Carrying a crew of 30?

A. I don't think she exists, either.

Q. Is it possible 11 vessels have crews from 11 to 15?

A. What size vessel?

Q. It is not stated. I am referring now to Volume II of the Submissions to the Royal Commission, Brief No. 75, page 7.

A. That may be a vessel of probably two or three hundred tons.

Q. But you would say the average crew, as I think you have said, of a vessel over 100 tons, would be six men?

A. Yes, that would be economical and a reasonable crew in my view.

Q. From the point of view of the operation and wage scale and so on, is it fair, do you think, to compare that type of vessel, carrying a crew of five or six, to larger vessels carrying crews of up to 30 and 40?

A. Well, it's two different ships altogether and that means two different trades.

Q. In other words, you would say different





1 considerations apply altogether?

2 A. No, it could not be compared in my  
3 opinion.

4 Q. The Commission was asked as to the  
5 ratio between the time occupied by coastal vessels  
6 in loading and unloading and waiting in ports to the  
7 time actually engaged in the carriage of cargoes.  
8 Can you help the Commission as to what the ratio would  
9 be in the case of Newfoundland vessels?

10 A. Well, we have a lot of lost time, Your  
11 Honour, in this coasting business. No. 1, we were  
12 required to serve fishermen, and that means fine  
13 weather. You cannot handle fish if it is raining.  
14 Neither can you handle salt or general cargo. Then,  
15 again, in collecting these cargoes here in St. John's,  
16 where they are mostly purchased and freighted from,  
17 sometimes you come in here and it is very hard some-  
18 times to get a cargo for this man, especially a dull  
19 time of season, and it is very often the case that  
20 these vessels are at the wharf at least a week before  
21 they be ready to proceed again. I am referring, Your  
22 Honour, to the slack time in the season. Now, other  
23 times in the season, in the spring of the year, the  
24 first of the summer and the latter part of the year,  
25 vessels do not lose any time in collecting their  
26 cargo; but in the latter part of the season they lose  
27 a great deal of time handling these perishable goods,  
28 seeing it requires fine weather. That being so, it  
29 makes it a little bit harder for these men in the  
30 coasting business to declare a reasonable margin of









1 profit for their operations at the end of the season.

2 Q. Captain, taking these various factors  
3 into consideration could you form an estimate as to  
4 the actual ratio of time engaged in carriage and  
5 engaged in loading, unloading and waiting?

6 A. I would say three to one. Now, I am  
7 just saying this as an average in a collective manner;  
8 that is to say, putting it together.

9 Q. That is your opinion?

10 A. That is my opinion only.

11 Q. I take it you mean three times aslong  
12 in port as out of port. Is that what you mean?

13 A. I imagine you would be here probably a  
14 week taking in a cargo that would take two days to  
15 arrive at the destination where they would be able to  
16 discharge in two or three days. Discharge his cargo,  
17 that would be.

18 Q. Roughly three to one?

19 A. That would be about three to one. That  
20 would be my idea.

21 Q. Captain, the question has been raised  
22 as to whether or not one of the reasons for the  
23 marginal operation of these coasters, which has been  
24 already described, would be because of too much  
25 competition. Are there too many vessels engaged  
26 in the coastal trade of Newfoundland?

27 A. I wouldn't say that, Your Honour; I  
28 would say it this way: Number one, you have com-  
29 petition between the coasting men, you cannot get  
30 away from this, presented by the C.N.R. Number two,





1 he has his friends and he tries to get what freight  
2 he can from them in the lean time of the season.  
3 Number three, in the fall of the year, the busy time  
4 of the season I would say, where there is plenty of  
5 freight and very few vessels, but being a little bit  
6 conscientious - which I hope we all are - he cannot  
7 very well say to his man, his friend, "Well, now,  
8 there is a scarcity of vessels and I want my freight  
9 increased at least 25 or 30 percent". The lean time  
10 of the season governs the freight rate which will be  
11 paid during that season, whether the vessels are  
12 scarce or plentiful. That is my opinion.

13 Q. Thank you, very much. Captain, it has  
14 been asked: Why are not the rates increased if the  
15 present rates are not adequate to provide enough return  
16 to enable vessel owners to replace their ships when  
17 they wear out or are lost? Coupled with that may I  
18 ask you, perhaps as a preliminary question, if you  
19 would answer this first, is there a set tariff of  
20 rates pertaining to the coastal trade?

21 A. There was a kind of a set tariff but  
22 due to the fisheries diminishing and some of the  
23 fishing vessels getting into the coasting trade we  
24 couldn't keep them just loyal to the specified rates.  
25 Right down in this port one man would come and take  
26 it at less than another man would take it and,  
27 therefore, there was a certain amount of confusion  
28 in the coastal trade, as I said before, as a result  
29 of the fishing vessels coming in.

30 Q. So, there is no set tariff?





1           A.       There is no particular tariff. They  
2 still go, I might say this, Your Honour, that this  
3 more or less stabilized rate, they still work by  
4 that, when possible.

5           Q.       You mean, Captain, this tariff is still  
6 used as a basis upon which rates are calculated?

7           A.       That is right.

8           Q.       Would you care to direct your attention  
9 now to the question of why the rates are not increased  
10 to such a rate to render more economic operation?

11          A.       Well, I could give a personal opinion  
12 of it. I think it would be chronological too.  
13 Your Honour, it is a well known fact, since you came  
14 here, there has been quite a clamour about the cost  
15 of living. Well, the cost of living since we became  
16 Canadians has more or less increased. Well, I suppose  
17 it is due partly to world conditions. I will answer  
18 that question when I get to the end of this.

19          We, first of all, have to pay, in addition to  
20 the cost of our goods in Canada, 10 percent on our  
21 purchase tax, what they call corporation tax. That  
22 would be added to our cost of living. Well, if it  
23 is true that we are doing around \$300 million a  
24 year, that would be around \$30 million. Added to  
25 that, my lord, the cost of that goods, \$300 million,  
26 coming to Newfoundland would be around 10 percent  
27 more. Nothing flies in this country, as I know  
28 of, although I have heard some people say it did,  
29 and nothing flies out. Therefore, somebody must be  
30 paid. If they render a service, in whatever capacity









1 it may be, they expect to be paid. A general rate  
2 on that stuff coming into this country would be about  
3 10 percent, which would be 30 million more. Now, that  
4 is landed at St. John's. Now, if you want to take  
5 that freight in the coasters from St. John's to these  
6 northern ports, you would have to pay around 10 percent  
7 more. You bring a thousand of lumber in here for  
8 \$10. It costs, say, around a hundred dollars, and you  
9 add 10 percent. That, to the fishermen in the outports  
10 means an increase in the cost of living. The coasting  
11 vessel comes in and says "Expenses are very high, we  
12 want to increase the cost of freight." That would cause  
13 a civil war in Newfoundland. Therefore, the coasting  
14 man is right down to the lean time of the year, right  
15 down to the lean time of the season.

16 And if I might continue, Your Honour. And then,  
17 due to the high cost of keeping his pay today,  
18 declaring a margin of profit at rates which were  
19 suggested or carried out so many years ago, at present  
20 day becomes almost impossible to declare a reasonable  
21 margin of profit from the operations. This is the  
22 idea I have of the coasting trade of Newfoundland.

23 Now, again, I might say, my lord, that this  
24 coasting fleet to which you are referring now, some of  
25 them, many of them was built in Nova Scotia and they  
26 are not by any means new boats but they are very  
27 essential to the fisheries and the general trade of  
28 Newfoundland. I have often said if you have no  
29 coasting vessels you can't have any fisheries. Well,  
30 they are getting a certain age.

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1 COMMISSIONER WICKWIRE: Perhaps you had better  
2 confine the witness to answering your questions.

3 MR. GREEN: Q. I know the Committee is under --  
4 we are delaying them beyond their luncheon hour. I  
5 wonder if you could confine yourself to the question  
6 of the increasing rates?

7 A. The rates in my opinion can't be very  
8 well increased due to competition and the -- I don't  
9 know.

10 THE CHAIRMAN: Q. Due to the inability, Captain,  
11 of those who buy your service to pay more. Isn't that  
12 it?

13 A. That's included. It is a complicated  
14 question, that is.

15 Q. I put it to you that most of these 210  
16 to 250 thousand people whom you serve are fishery  
17 people, are they not?

18 A. Yes.

19 Q. And lately we have heard of the grave  
20 decline in the fishing industry and, therefore, they  
21 have not got the money to pay you a higher rate, and  
22 unless you get higher rates you cannot continue to  
23 perform the services. Isn't that right?

24 A. That is the answer.

25 COMMISSIONER BELANGER: Q. Do any of your  
26 coastal vessels engage in the transportation of pulp-  
27 wood?

28 A. No, that wouldn't be a paying proposi-  
29 tion because she wouldn't be able to take cargo  
30 enough. Pulpwood would require a very large ship





1 to make it a profitable proposition.

2 Q. They do not engage in that trade?

3 A. No, they don't engage in that. Sometimes  
4 they bring lumber and sometimes they bring sticks,  
5 what we call wharf sticks, but not very much of it.

6 MR. GREEN: Q. You would agree with the  
7 observations which have been made as to the importance  
8 of the coastal fleet to this province?

9 A. Yes. If there is no coastal vessel there  
10 is no fishery. You cannot send a steamer down into  
11 these shallow harbours to take fish from the boats.

12 MR. GERIN-LAJOIE: Q. Captain, do you know if  
13 there is any data available on which to estimate the  
14 average earnings of schooners, say, per freight ton  
15 or per gross ton, or any other basis? Do you know of  
16 any information of that type available?

17 A. What do you want, the general earnings  
18 of the boat for the season?

19 Q. Well, per ton, per unit, per day, or on  
20 any other basis?

21 A. Well, generally a vessel of 20 or 30  
22 tons, if you want to charter that boat by the day;  
23 is that your question?

24 Q. Well, that would be one way of computing  
25 it.

26 A. You usually charter that boat for what,  
27 from 100 or 120 dollars per day, providing now that  
28 the conditions she has to navigate in were not very  
29 far. If it was a long distance, such as Hudson Bay,  
30 you have to pay \$160, \$170 aday. If you had a ship







1 out from, say, 120 or 180 tons, you would have to pay  
2 \$150 a day.

3 Q. To your knowledge is there any official  
4 data on this subject? Maybe your counsel could  
5 answer that or some other witness.

6 A. What do you mean, what exactly do you  
7 mean, is there anything official on it?

8 MR. GREEN: I think, generally speaking, I do  
9 not think the vessels are time chartered and I do not  
10 think very many accurate statistics could be obtained.

11 THE CHAIRMAN: The type of operation varies so  
12 much it would be very difficult to find an average  
13 which would be of any value.

14 MR. GREEN: That is precisely the point,  
15 Mr. Chairman.

16 THE CHAIRMAN: Q. Thank you very much, Captain.  
17 --- The witness withdraws.

18 -----

19 MR. GREEN: Mr. Chairman, that is the end of  
20 the evidence for our presentation.

21 I wish to thank the members of the Commission  
22 for the very close attention which has been paid our  
23 submissions.

24 May I, for the purposes of the record, make  
25 one correction. Earlier, in addressing myself to  
26 the matter of stevedoring facilities or unions in  
27 other parts of the province, I referred to the  
28 export point in our pulp and paper industry as  
29 being the port of Lewisporte. That should be the  
30 port of Botwood for exporting from Grand Falls.





1 I enter that in case someone should take exception.

2 I thank you for the very fine hearing of our  
3 evidence.

4 MR. MUNDELL: There is one more presentation  
5 to be made on behalf of the Joint Council of Burin  
6 and Placentia. I am informed it is not a lengthy  
7 presentation.

8 MR. HICKMAN: We have no witnesses and it  
9 could not possibly take more than ten minutes.

10 THE CHAIRMAN: We will have a recess for five  
11 minutes.

12 --- Recess at 1.25 o'clock P.M.

13

14

(Page 1076 follows)

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## SUBMISSION OF THE JOINT COUNCILS OF BURIN DISTRICT

Mr. T. A. Hickman, counsel for the Joint Councils.

THE CHAIRMAN: Yes, Mr. Hickman?

MR. HICKMAN: May it please you, Mr. Chairman, and Members of the Commission, I represent an organization that is commonly known as the Joint Councils of Burin District. The District of Burin, as you will see from a map of Newfoundland is situate on the south coast and this organization which I represent is an organization of the five municipalities, incorporated municipalities in that district, namely, Grand Bank, Burin, Fortune, St. Lawrence and Marystown.

With the exception of one very poor secondary road connecting Burin Peninsula with the Avalon Peninsula and St. John's our only line of communication and travel is by boat. A very large proportion of our goods and supplies are brought into Burin Peninsula ports from the ports of Halifax and Sydney in Nova Scotia. In fact, I would say at least 60 per cent of our trade is throughout the Province of Nova Scotia rather than through the east coast of Newfoundland. Consequently this area is so dependent on Canadian coastal shipping it is vitally interested in the Terms of Reference and deliberations of this Commission.

I might say that we are not calling any evidence, because the witnesses who were called on behalf of the Government of Newfoundland and also on behalf of the Committee here today quite clearly set forth the position and concern







1 of the residents of the Burin Peninsula.

2 Yesterday when my learned friend, Mr. Green,  
3 was addressing the Commissioners he did refer to  
4 navigational aids and I appreciate the point of  
5 view of the Commission that these submissions might  
6 more properly be made to the Department of Transport  
7 or whatever other Department is concerned therewith.  
8 We do feel though that because of our inability to  
9 get the attention, which we feel we deserve from the  
10 Department in question, that a recommendation of  
11 this Commission forwarding our submission to the  
12 Department of Transport with the request that that  
13 be investigated, would bring far more action,  
14 favourable action that we ourselves can ever hope to  
15 get.

16 I would point out to this Commission that the  
17 ports of Fortune and Grand Bank, which are situate  
18 on the western side of Burin Peninsula, handle a  
19 great deal or at least quite a bit of shipping  
20 during the year. They are all open to navigation  
21 12 months of the year and in fact they are dis-  
22 tributing centres for Fortune Bay and the Southwest  
23 Coast.

24 In addition we now have in that area  
25 several fresh fish filleting plants. I think it  
26 is referred to as the centre of the deep sea  
27 fishery in Newfoundland.

28 We feel that the dire lack of navigational  
29 aids for the assistance of sailors entering the  
30 ports of Fortune and Grand Bank cannot be tolerated





very much longer. Our people themselves get in and out of there with comparative ease only because they know their way around.

Now, with the advent of the fresh fish industry we are getting already vessels from other parts of Canada, the Masters and crews of which are not too familiar with the area. We would very much appreciate if this Commission would call to the attention of the appropriate authorities the lack of navigational aids and the absolute necessity of having the aids suggested in the Newfoundland Committee represented by Mr. Green installed there with the least possible delay.

Now, Mr. Chairman, on the question of coasters generally. All our freight into the Burin Peninsula, with the exception of a small proportion taken entirely by C. N. R. coastal passenger boats, is carried by the schooner-type freighter. We do have a fleet of approximately 40 banking vessels within Burin District ports and with the decline and disappearance of this industry during the last six or seven years these are now used as freighters in Nova Scotian ports. They are rapidly disappearing and as pointed out by the Government witnesses, particular Mr. Harvey, the cost of replacement is out of all proportion to the size of the vessel. I know of two vessels that were bought in Lunenburg in 1939 at a total cost of \$10,000. They have a tonnage of around 60 tons. To replace them would cost a minimum of \$75,000, and that sort of money





is just not available in outports, Newfoundland.

1           The Provincial Government has to a certain  
2 extent attempted to alleviate that matter by a bounty  
3 which is paid on vessels built in Newfoundland. I  
4 do suggest, however, that the continued operation  
5 of this type of vessel between the Maritime ports  
6 and Newfoundland ports is very essential to the  
7 Canadian economy as a whole and it is highly essential  
8 that it be maintained.

9           It is our submission that the Federal Government  
10 should implement the bounty paid by the Provincial  
11 Government of Newfoundland for wooden-type coasters  
12 operating in waters of Mainland Canada particularly  
13 between Newfoundland and the Maritime ports.

14           Particularly during the cross-examination of  
15 some of the witnesses for the Government of  
16 Newfoundland, counsel for this Commission raised  
17 the question of what would happen in case of an  
18 outbreak of war or a state of emergency when their  
19 operations would be curtailed and taken over by  
20 this Government or the Canadian Government or the  
21 English Government. During the last war the same  
22 thing happened to a large extent and it was this  
23 type of vessel particularly on the south coast of  
24 Newfoundland that supplied that service at that  
25 time.

26           It is our feeling that firstly to prevent  
27 the complete disappearance of the coastal fleet  
28 which, to our people is vital, something has to  
29 be done and done very soon by the Federal Government  
30









1 to replace or to assist in the replacement of that  
2 type of vessel. It would be of great benefit to our  
3 shipyards and to the shipyards in Burin and Lunenburg  
4 where most of the vessels operating out of Grand Bank  
5 particularly were built.

6 The question of classification and the  
7 permit system has been fully covered by the Commission  
8 represented by Mr. Green. I have no intention of  
9 delaying this Commission by referring to it again.

10 There are just three other points to which I  
11 would like to draw the attention of the Commission.  
12 Number one is the evidence regarding the loading  
13 facilities at the port of North Sydney for schooners  
14 operating out of or bringing coal cargoes from  
15 Newfoundland. They are the only type of vessel  
16 suitable for carrying coal to the small Newfoundland  
17 ports. The steamers and larger vessels cannot  
18 navigate in the harbours and the demand there  
19 would not make it worth their while. The position  
20 is when our vessels go to North Sydney to load,  
21 not only must they wait their turn as against other  
22 vessels now there but should a larger steamer  
23 arrive it takes preference over these vessels.  
24 We have experience delays of three weeks in the  
25 port of North Sydney waiting for a cargo of coal.  
26 Our freight rates, as you have already heard, on  
27 our coasters are certainly not very high and if  
28 we have to also meet unnecessary delays of two or  
29 three weeks we can hardly be expected to operate  
30 in this very essential freight service. We would





1 therefore strongly urge upon this Commission that  
2 they investigate -- I understand the Commission is  
3 going to Sydney for an inspection of its facilities  
4 there, and recommend an improvement of the established  
5 facilities in the port of North Sydney for these  
6 small vessels operating in the Newfoundland-Sydney  
7 trade.

8 The next point I would like to raise, which  
9 is not in the brief, but which is of great importance  
10 to the residents of the other coastal towns, particularly  
11 in Placentia Bay, is the service being given to it  
12 by the Canadian National Railway or their Marine  
13 Division.

14 When the Canadian National Railway acquired  
15 control of the Newfoundland Railway there was added  
16 a new passenger trade by the S. S. Barhaven of  
17 1,138 tons operating on the Placentia run. That  
18 boat is the only means of communication in Placentia  
19 Bay. Most of the people live in small islands  
20 and for some reason unknown to most of us or all  
21 of us, the Barhaven was taken off that run and the  
22 Motor Vessel Burin, which is a small wooden-type  
23 freighter used in freight primarily carrying fish  
24 to the West Indies, was put on the Burin run to  
25 carry the same number of passengers as the Barhaven,  
26 which had a carrying capacity of at least 80  
27 passengers. The Motor Vessel Burin cannot  
28 possibly handle 20 comfortably. If this Commission  
29 was ever in the port of Argentia when the Burin  
30 sails, you will see passengers clinging to the





1 rails almost like cattle. Such a thing would not be  
2 tolerated in the Dominion of Canada. The south coast  
3 generally is served by the Barhaven and Baccalieu.  
4 While we are very appreciative of the service given  
5 by the Canadian National Railway along that run the  
6 people in Placentia Bay are at the present time being  
7 transported in a manner that certainly does no credit  
8 to the Canadian National Railway.

9         The last point which I have been requested and  
10 instructed by the Joint Council of Burin District to  
11 bring to the attention of this Commission is the  
12 possible development of Mortier Bay, which is really  
13 part of the Harbour of Marystown, as a free port or  
14 exchange port. That question has been mooted and  
15 pursued for a great many years prior to Confederation  
16 by a transportation man from the United Kingdom,  
17 Mr. Thompson, who was killed in the war and it sort  
18 of died out of the picture with him and the question  
19 has again come to life with the development of the  
20 St. Lawrence Waterway.

21         This Commission has a brief filed by the  
22 Newfoundland Transportation Company which sets  
23 forth the advantages of having either a free port  
24 or exchange port developed at Mortier Bay, which  
25 is really at the mouth of the St. Lawrence Waterway.  
26 During the summer months you could let the large  
27 lake-type boat go as far as Mortier Bay. It is  
28 the feeling of the residents and I believe the feeling  
29 of a certain amount of Ontario districts that with  
30 the establishment of grain elevators to provide









1 storage facilities, that type of boat coming during  
2 the open season from the St. Lawrence, we could stock-  
3 pile grain in particular and other primary products  
4 of Western Canada and Ontario and Quebec there for  
5 trans-shipment at any time during the year when the  
6 need arises.

7 It is right on the main route from the west  
8 part of European ports and not too far out of the way,  
9 as far as shipping is concerned, coming out of the  
10 Maritime ports.

11 We do not expect obviously this Commission to  
12 recommend to the Government the establishment of  
13 Mortier Bay as such but as it has been discussed and  
14 considered and also discussed by both the Provincial  
15 and Federal Government during the last two years,  
16 we would appreciate the Commission drawing to the  
17 attention of the proper authorities the submission  
18 of this organization and the Newfoundland Transportation  
19 Company as a possible development following on the  
20 St. Lawrence Waterway.

21 The only other thing I have to say is that  
22 the Joint Councils of Burin district concur fully  
23 in the position taken by the Newfoundland Government  
24 in as far as restricting trade to British bottoms  
25 between here and the Great Lakes or other Canadian  
26 ports is concerned. We do not subscribe to the  
27 view presented by certain shipping interests or  
28 labour interests that the shipping industry should  
29 enjoy the protection, we will say, of the  
30 automobile industry in Ontario. We feel that it





1 is not in the interests of Canada to have that type  
2 of industry protected inasmuch as we feel it has been  
3 proven that protective tariffs often impose hardships  
4 on other manufacturer's products and whilst we do  
5 not blame the people in Ontario and Quebec for  
6 trying to get that type of thing we are the ones  
7 that have to suffer.

8 I can tell this Commission that before  
9 Confederation our automobiles were imported direct  
10 from the United States and brought by sea at a cost  
11 of -- which was far below what we are now paying  
12 for automobiles manufactured in Canada.

13 THE CHAIRMAN: Q. When you make that statement  
14 are you referring to the Customs cost before Union?  
15 You could have imported those automobiles from the  
16 then Canada at a fraction of the cost?

17 A. Yes, Mr. Chairman, but the position is  
18 that we were free to import automobiles from Canada  
19 or the United States and the excise duty or the  
20 tariff on automobiles imported into Newfoundland  
21 from either Canada or the United States was the  
22 same and we found that because of our direct sea  
23 link with the United States we could import auto-  
24 mobiles much cheaper from the United States than  
25 from Ontario at that particular time. I assume  
26 if the manufacturing costs in the United States  
27 and Canada are the same today that same condition  
28 exists. Our feeling is that in any protective  
29 measures we are the ones here that would suffer.

30 Finally, Mr. Chairman, I can only say on





1 behalf of all members of the Newfoundland Board who  
2 have appeared before you, we were very fortunate in  
3 having this Commission come to St. John's for a very  
4 lengthy hearing and we are very appreciative of the  
5 attention you have given us.

6 I would also on behalf of the members of our  
7 Board thank counsel for the Commission for their very  
8 friendly courtesy and efficient help which they have  
9 given us.

10 MR. MUNDELL: Thank you very much, Mr. Hickman.  
11 There was one question I would like to ask in  
12 connection with the last proposal you made. I have  
13 heard it said that there has been some legislation  
14 enacted that referred to the free port proposal.  
15 I was just wondering if you know whether there has  
16 been any legislation?

17 MR. HICKMAN: There was some legislation by  
18 the Provincial Government this session. All it was  
19 in effect was to give their blessing to the idea of  
20 a free port. I think it conferred upon the  
21 Provincial Government the right to co-operate with  
22 the Federal Government in the development of that  
23 port. No legislation has been passed other than  
24 that.

25 MR. MUNDELL: I wondered if they had sat  
26 down and gone over the problems.

27 MR. HICKMAN: I am quite sure they have not.

28 MR. MUNDELL: I understand that really you do  
29 not expect this Commission to recommend the  
30 establishment of a free port. I was wondering what







you expected.

1  
2 MR. HICKMAN: I would like to draw to the atten-  
3 tion of the Federal authorities whom, I understand,  
4 are giving some consideration to the advantages as  
5 outlined in the brief of the Newfoundland Transporta-  
6 tion Company for the development of a free port.

7 THE CHAIRMAN: Counsel must understand this  
8 Commission has no peculiar pipeling to the Government  
9 of Canada. We have a set task set out under the Terms  
10 of Reference and if we were to attempt to purport to  
11 advise the Government of Canada on subjects that are  
12 not within the Terms of Reference, I would say we  
13 would be ignored and, we should be ignored.

14 MR. HICKMAN: Well, under the General Terms of  
15 Reference, Mr. Chairman---

16 THE CHAIRMAN: If you want to give them the  
17 broadest interpretation I suppose we could get into a  
18 recommendation of the whole economic life of Canada.  
19 But surely we have to give a more restricted meaning  
20 than that to the Terms of Reference.

21 MR. HICKMAN: I was thinking mainly, Mr. Chairman,  
22 that Mortier Bay is a cog in the wheels of transporta-  
23 tion of goods from Upper Canada to be exported to  
24 the world markets.

25 THE CHAIRMAN: You say it is coasting trade  
26 from one port in Canada to another port in Canada,  
27 Fort William to Mortier Bay and it has an effect on  
28 international trade by supplying a more efficient  
29 link in coasting trade to international trade.

30 MR. HICKMAN: Yes.

MR. MUNDELL: May I on behalf of Mr. Gerin-





1 Lajoie and myself thank the Newfoundland bar for the  
2 very splendid time we have had here.

3 THE CHAIRMAN: Yes, I think we can only at  
4 this time, as a Commission, thank the members not  
5 only the members of the Bar but the various  
6 organizations who have appeared before us and for  
7 the very careful preparation of their case and their  
8 very skilled submission of it.

9 It is, of course, impossible to say anything  
10 now except that we have been given the material for  
11 a careful study of the views of these organizations  
12 and we can assure all we will consider these views.

13 I think that will terminate our hearing in  
14 Newfoundland.

15 ---The hearing terminated at 1:55 p.m.  
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